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16 May 1983

East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2399

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PAST, FUTURE OF CEMA COLLABORATION VIEWED

Budapest MUSZAKI ELET in Hungarian 3 Mar 83 p 24

[Article by Julia Berkes: "Coordinated Interests"]

[Text] Voicing of opinions on the condition and tasks of the CEMA has increased lately. In literature on socialist economics we can read more and more frequently about the necessity of making the organization for cooperation among socialist countries more flexible, so that it can adapt to changes in the world economy, i.e. to altered exterior conditions.

This cooperation has come to a crossroads. In each of the member countries the period of extensive development has been completed and what we now have on the agenda is the difficult transition that can take many years to reach the phase of intensive development. This is not a smooth road, nor a simple process. However, now it is even more difficult than projected, as the interior switch will have to take place under crisis-ridden exterior conditions.

In the seventies the member states of the CEMA significantly increased their capacity in the fields of economics, science and technology. Their economy developed twice as fast as that of the developed capitalist countries. In these years their gross national product increased on the average by 66 percent, and their gross output by 84 percent. This is the explanation for the much-cited data according to which one-third of the world's industrial output is produced in the member states of the CEMA.

The structure of the individual national economies was modernized in the seventies: industry's share in the gross national product increased everywhere. Those branches within industry which grew the fastest were the ones which the specialists consider technical development decisive: such as the machinery and the chemical industries. Both have more than doubled their production. In these years they produced 1.4 times more electrical energy, twice as much chemical fertilizer, 1.6 times more steel than the countries of the European Economic Community.

With joint effort, the member countries completed construction of a system of oil and gas pipelines as well as a system of electrical transmission lines. In this way the European socialist countries have secured energy independence for themselves.

Another achievement of great importance is the wood pulp plant built in Ust-Ilimsk which produces a quarter million tons of pulp at half capacity and will produce half a million tons a year at full capacity. (The member states which shared in the investment will receive for their participation a yearly 205,000 tons of pulp for 12 years.)

The full capacity of the asbestos plant soon to be completed in Kiembaevsk will also be half a million tons. From this, the countries that participate in the project either by financial investments or by supplying equipment (or both)--among them Hungary--will receive a yearly 177,000 tons of asbestos to satisfy their needs.

Along with Bulgaria, Czechoslovakia, Poland and the GDR, Hungary has been participating in the modernization, expansion and construction of steel mills in the European territory of the USSR. In return, they will receive a variety of special and traditional metallurgical products.

Through joint investments, two nuclear power plants, each with a capacity of 4 million kilowatt-hours, are under construction in the Chmelnitzky district of the Ukraine.

The member states of the CEMA also contribute to the utilization of the rich nickel mines of Cuba. They are building a nickel processing plant of a capacity of 30,000 tons per year in Las Camariocas and they are participating in the modernization and expansion of several existing nickel plants in order to bring the nickel processing capacity of Cuba to a yearly 100,000 tons in the near future. In Mongolia, the other non-European country, a copper plant and a phosphorus-processing plant are under construction.

Within the framework of the joint investment, the expansion and modernization of the road and railway network, the construction of new highways, the electrification of designated railroad lines, and the creation of new border-crossings in each individual European member country of the CEMA are based on joint plans. This makes possible the construction and renovation of approximately 15,000 kilometers of roadways.

The dynamics of the economic growth in the CEMA member states slowed down by the second part of the seventies. At the beginning of the eighties socialist economies also had to face markedly unfavorable conditions. The effects of the second oil price explosion and of world recession were felt in several areas. At the same time their opportunities for buying raw and basic material, production, and sales deteriorated. As a consequence, the economic growth in the CEMA countries, also, slowed down. Foreign trade balance and in some member countries even balance of payments are in disequilibrium.

To ease these problems, to increase the efficiency of the economy, and to raise the technical standards of production, the leading organs of the CEMA reappraised the order of priorities in the complex program of cooperation approved in 1971. For example, energy tasks have received primary consideration, while goals for the joint production of certain industrial consumer goods have suffered delay.

During the latest, 36th, session of the CEMA held in Budapest, it was established among other things that the fuel and energy supply would remain one of the most important areas of cooperation. Within this, the member states would devote special attention to the development of nuclear energy. In the vein of the agreement on specialization and cooperation, signed in 1979, large-scale capacities for the production of nuclear energy equipment have already been created: the Atommas plant in the Soviet Union, at the Skoda Works and other plants in Czechoslovakia, at Ganz-MAVAG of Hungary, and in Energoinvest of Yugoslavia. This made it possible to launch construction of the 440 megawatt reactors. An established goal of the involved member countries is to switch to production of equipment for 1,000 megawatt plants during this five year plan. On the one hand, this means that the countries participating in the cooperation and specialization in the manufacturing of nuclear equipment have to produce more than 140 different kinds of equipment (more than 350 different items of equipment and about 300 standard sizes of nuclear armature).

On the other hand, it also means that by 1990 the ratio of nuclear energy in the production of electric power in the member states will amount to 20 to 30 percent.

At this point the joint capacity of operating nuclear plants in the CEMA member countries--outside the Soviet Union--is approximately 5,000 megawatts. These plants are the Bulgarian Kozdolny nuclear plant with its four blocks, each with a capacity of 440 megawatts, the Rheinsberg and Nord nuclear plants with their four 440 megawatt blocks and one 70 megawatt reactor block, the two 440 megawatt reactor blocks in Jaslovske Bohunice, Czechoslovakia, and finally the youngest one, the first 440 megawatt block of the Paks nuclear plant, opened at the end of last year. Construction is almost completed of the third 440 megawatt block of the above Czechoslovakian nuclear plant, and of the first 440 megawatt block of the Dukovany nuclear plant, also in Czechoslovakia.

A temporary work-group has been formed within the framework of the Committee on Scientific-Technological Cooperation of the CEMA to study microprocessor technology and its use. As its first project, the team outlined the direction and program of cooperation. A beneficial result is that the Hungarian Microelectronic Works, founded last spring, will not have to tool up for the production of a complete line of microelectronic parts. In addition to the Hungarian company, a Soviet electronic firm, and companies in the GDR, Czechoslovakia, Poland and Bulgaria have specialized in the production of particular types of parts.

However, more is needed than the guarantee of energy and technology to reestablish the dynamics of economic growth of a decade ago. For this, we need the modernization of the complete mechanism of cooperation. This is why the development to date and the resulting conditions have been thoroughly analyzed in the CEMA countries. Based on this, proposals for future action have been developed. One of the most important tasks of the CEMA meeting in March will be the coordination of proposals based on national characteristics, special national interests and viewpoints to mark the road to the future.

12366
CSO: 2500/180

PRIORITY CEMA TASKS HIGHLIGHTED

Budapest FIGYELO in Hungarian 14 Apr 83 p 8

[Article: "Special Tasks of Specialization and Cooperation"]

[Text] According to the data of the European Economic Committee, international manufacturing specialization and cooperation will shorten the time necessary for the organization of the manufacture of new products by 1 to 20 months and prime cost by 50 to 70 percent or increase enterprise profit by that much.

Production specialization, cooperation among the various sub-branches in a CEMA framework look back on a 3-decade-old past. The experiences acquired in this way have made it possible for the member countries to solve great tasks, among others in the manufacture of computers, nuclear power plant equipment, ships, chemical and petrochemical industrial equipment, machine tools and agricultural machinery.

According to the unanimous opinion of the member countries, however, there are still many unexploited reserves. These include, for example, unjustified duplication, with a number of countries engaged in the manufacture of the same type of products. Several specialization programs do not take into account all the phases of modern reproduction, from the working out of a unified scientific concept to mutual deliveries. Another problem is caused by the fact that the techniques and technologies worked out in the framework of work distribution are not the most recent and thus can be applied only in narrow scope. And there is the related problem that CEMA countries often are constrained to purchase the newest products from other countries.

To increase economic efficiency, accelerate scientific-technical progress and reduce unjustifiable technical imports from capitalist countries, CEMA has mapped out those areas where in the 1980s we will have to develop manufacturing specialization and cooperation more rapidly.

These areas are: new computer means (particularly for the guidance of technological processes), the appropriate element basis, machine and equipment systems for reducing manual labor in delivery and storage, machinery and equipment for reducing fuel and energy consumption; forging, pressing and sprinkling systems for large-volume, precision metal processing; and complex agricultural machine and equipment systems.

Nowadays microprocessors are gaining ground in every area. Productivity can be increased 7 to 10 times by the use of microprocessors in guidance systems automated for various technological processes, and at the same time energy consumption can be reduced. Microprocessing machinery and equipment can make it possible to manufacture products of a quality and technical level exceeding several times that of products manufactured in the traditional way.

A general, multilateral cooperation agreement was signed at the 36th session of CEMA which calls for the deepening of international work distribution in the development, manufacture and mutual delivery of microprocessing techniques of automatic and automated technological complexes, machinery, equipment and guidance systems.

Special attention is being devoted to the development of unified modules and the electronic element basis of universal microcomputer families.

The individual countries agree that the Soviet Union and Bulgaria would concentrate their efforts on machine planning systems; Hungary on measuring and examining equipment; the GDR on optical-mechanical equipment; Poland on equipment for assembling integrated microcircuits; Rumania on equipment for processing semiconductor materials; the Soviet Union on equipment for manufacturing large and medium integrated microcircuits; and the CSSR and GDR on the manufacture of analytic, control and measuring equipment.

The next special area of specialization and cooperation is robot technology. At present, robots are most used in the machine industry. According to estimates, in certain operations 1 robot replaces 1 to 3 workers, increases productivity by 20 to 40 percent and reduces production preparation costs by 25 to 30 percent.

In the Soviet Union under the present 5-year plan, they are able to save 300 million rubles annually with the use of robots, and about 100,000 workers are released, especially in operations that are heavy and work intensive, dangerous and harmful to the health. Robot technology is also being developed in the other CEMA countries. Between 1981 and 1985, Bulgaria will manufacture 3,000 units and the CSSR 4,000 industrial robots and manipulators. In 1985, the number of industrial robots in use in the GDR will come to tens of thousands.

In 1982, a general, multilateral agreement was signed for specialization and cooperation in manufacturing robots. The module principle which forms the basis of the agreement makes it possible for each country to assemble the machine modules it needs. In order that the various parts and spare parts should fit and that the manufacture takes place according to standard parameters, a council of chief designers from CEMA countries has been established.

Among other things, socialist cooperation contributes to a large extent to the development of the manufacture of digital guidance metal-cutting machines and processing centers. By 1970, the CEMA countries had signed 12 multilateral specialization and cooperation agreements for the manufacture of such machines. Under the present 5-year plan, the number of agreements has increased by six. The registry of metal-cutting, sprinkling and wood processing equipment manufactured in the member countries come close to 50 percent, and of forging and

pressing machines to 70 percent. On the basis of multilateral specialization and cooperation agreements for metal-cutting machine tools, for example, work distribution is called for in the manufacture of 786 kinds and dimension types for finished machinery and parts. In 5 years, the member countries will deliver to one another 58,000 metal-cutting machine tools, more than 300 complete, automated assemblies, and more than 1 million parts and spare parts.

In the intensive development phase, the rational use of fuel and raw materials is of great importance. A part of the coordinated strategy of CEMA countries is the general cooperation agreement, the goal of which is to raise considerably the refining level of petroleum, and specialization and cooperation in the manufacture of machinery and equipment necessary for secondary processing. The goal is to raise from 50 percent to 70 percent of petroleum the materials that can be used for driving engines. In this way it would be possible to gain another 15 million tons of white goods from the "black gold" which was available to the European CEMA countries in 1980.

6691
CSO: 2500/212

POLISH COOPERATION WITH OTHER CEMA COUNTRIES DISCUSSED

1983 Trade Plans

Warsaw RZECZPOSPOLITA in Polish 2 Mar 83 pp 1, 5

[PAP article: "Poland's Share in Cooperation Within the CEMA Framework"]

[Text] Long-term directives for economic and technical cooperation with socialist countries, the trade policy of Poland toward socialist countries in 1983, as well as the current state and directions for activity in tourist exchanges with socialist countries during 1983-1985 were discussion topics at the deliberations held on the first of this month by the Coordinating Commission for Economic and Scientific-Technological Cooperation, under the Council of Ministers.

The meeting was presided over by Deputy Premier Zbigniew Madej, head of the Commission. He indicated that the working out of a long-term conception for economic cooperation with countries that have socialist bonds--together with the solution of the problem of reducing Poland's debts to the West, as well as the maintenance of economic stimuli spurring export--are among the most important tasks of national economic policy in 1983.

As was already discussed at CEMA council sessions during 1981 and 1982, the anticipation of participation in undertakings aimed at increasing supplies of natural gas and liquid fuels, offers regarding the participation of socialist countries in the settlement of incomplete capital expenditures in Poland and in the utilization of the production capacities in our manufacturing industry, and proposals for cooperation in the development of the Lublin Coal Field are, among other proposals, the contribution of Poland in the work on a program for the long-term development of cooperation among CEMA countries. A proposal in the matter of the creation (in selected production lines) of joint enterprises, which could compete with capitalist countries, as well as the scientific-technological bases dealing with those areas in which the embargo should be reckoned with, just as in the matter of working out coordinated plans for the utilization of already purchased licenses from capitalist countries, was also mentioned. We will likewise strive toward a more extensive utilization of international organizations with the aim of counteracting protectionism and economic restrictions.

In discussing Poland's trade policy toward socialist countries, the correctness of activities aimed at changing the geographic structure of turnover in Polish foreign trade was stressed above all.

It is forecast that, in 1983, turnover in Polish-Soviet trade will reach a value of 9,894 million rubles, (9,026 million in 1982), of which 4,435 million (4,202 million last year) will occur in exports, while imports will be 5,459 (4,824 million rubles last year). It is estimated that the combined imbalance in Polish-Soviet payment exchanges will amount to about 7.7 billion rubles in 1984. This situation imposes the need for a substantial push of exports on our side. Full payment of the indebtedness up to 1990--amounting today to 3.1 billion rubles--would require an increase in exports in this way by 17 percent annually.

The significance of the substitution of the import of raw and other materials from, until now, capitalist countries, with the additional supplies from the USSR, as well as an assurance of increased fuel supplies--with the establishment of Poland's participation in the creation of additional mining and industrial potential on USSR terrain--was also mentioned at the session. Equally stressed was the importance of the negotiation of agreements for the export of finished manufactured objects, machinery and equipment, as well as construction services.

If it comes to trade relations with the rest of the socialist countries, then trade records forecast an increase in turnover in relation to the past year by 7.8 percent (6 percent in exports and 9.5 percent in imports). During the course of the past year, we reduced our indebtedness by 152 million rubles, bringing it to a level of 133 million rubles. The level of imports of market goods, just as the period of imports, will stay basically at the level of the previous year, with reduced exports, especially of light industry goods.

Attention was brought to the fact that the traditional exchange of goods with socialist countries is encountering barriers, resulting from--among other things--a perceptible shortage of raw and other materials for production, as a result of which a policy of strict balancing of contracts is being conducted.

Issues of tourist exchanges with socialist countries were also topics of discussion at the session. It is foreseen that, altogether, in 1983, around 900 thousand persons will leave Poland for these other countries (of which about 500 thousand will leave through a travel agency), which will constitute a 25 percent rise in relation to 1982. This is still a number that is many times lower than in earlier years.

CEMA Ties Evaluated

Warsaw ZOLNIERZ POLSKI in Polish No 11, 13 Mar 83 p 21

[Passages enclosed in slantlines printed in boldface]

In the case of today's topic, judging from theletters from readers, the following issues arouse the most doubt and controversy.

Is not Poland, through closer cooperation within the framework of CEMA, making itself economically dependent on socialist countries?

Is trade with the Soviet Union and other CEMA countries profitable for us?

Why do we receive packages from the West?

The countries which can be economically self-sufficient can be counted on the fingers of one hand. Yet even such powers as the Soviet Union and the United States establish economic associations with other nations (not because they have to, but because it is profitable). In the modern world, a country the size of Poland does not have any chances for economic independence. Therefore, whether we like it or not, we must seek partners for economic cooperation. Must it indicate dependence, especially on the economically stronger partner? Based on our Polish experience, it appears to be.

Yes and No

In other words: the answer depends on the nature of the economic cooperation.

Let us begin with our experiences with the West. It is estimated that our industry was dependent on imports from capitalist countries by 30 percent, but this was variously formed in several areas. For example, the pharmaceutical industry based 70 percent of its production on components imported from the West. A different example: the shoe and furniture industries used a glue bought first and foremost in capitalist countries. The worth of the glue in the general production costs is not much, but, without the glue, neither the shoes nor the furniture can be made.

Therefore, despite the fact that the import from the West amounted to only 30 percent, many enterprises and even whole production branches, were nonetheless, completely dependent on this 30 percent. We felt this dependence very strongly after 13 December 1981, when capitalist countries, especially the United States, displeased with the turn of events in Poland, declared economic war on us.

How very different are our experiences with CEMA countries. Despite the fact that the Soviet Union and other socialist nations were critical of the events which took place in our country in 1980 and 1981, they did not bring economic sanctions against us. Our CEMA partners met their contracts in full, which makes it all the more worth stressing that Poland did not fulfill its obligations.

Not only were there no "taps turned off," with which the "well-informed" were threatening us, but, wanting to help us in a critical situation, our CEMA partners increased supplies of raw and other materials and devices that the West refused us.

Thus, everything depends on the nature of the economic cooperation. CEMA represents a new type of economic relations. Economic and scientific-technical cooperation is fulfilled in keeping with the foundation of proletarian internationalism, full of equality for all members, respect for their sovereignty and national interests, mutual interests and fraternal aid.

Myths and Facts

Judging from our readers' letters, myths about the supposed unprofitability for us of economic cooperation, especially commercial exchange with the socialist community, continue to be repeated. Therefore, we will state several facts as examples of trade with the Soviet Union.

/For many years/ world prices for fuel and raw materials have been continually rising. Meanwhile, up to 7.3 percent of our imports from the Soviet Union are constituted precisely of raw materials and fuel. Next, Polish export of raw materials and fuel to the Soviet Union amounts to only 13.5 percent of our entire export to the USSR. Poland exports, above all, manufactured goods, and therefore only those types of goods, which are most profitable to sell, are the ones to be manufactured.

/Whispered propaganda alleges/ that export to the USSR is not profitable for us. Facts deny this: from the USSR, we buy raw materials (which that country could sell in the world market for free foreign exchange) for a by no means trivial amount of 3.5 billion rubles. Poland also sells raw materials to the Soviet Union, but only for 0.5 billion rubles. For anyone who can add, this bill is amply telling.

/Standing trade prices/ between CEMA countries are established on the level of average world price for a period of the last 5 years. Capitalist countries take the current world prices as their base. As a result, if we were to appropriate our entire export of goods directed to the Soviet market, to capitalist nations, then by the profits obtained there we could not procure as many vital raw materials and fuels as the Soviet Union provides for us. Simply, the standing system in CEMA of the settlement of accounts, which was mentioned, is more profitable for us. And let us ask ourselves one more thing: would we always sell to the West that item which we are selling to the Soviet Union?

/There are many myths circulating/ about the question of our export of food articles to the Soviet Union. If facts, especially, are the point here, then the following are the facts. It is precisely the Soviet supply of food articles that helped us to meet our most urgent needs.

During a normal, non-crisis period, our export of food articles to the USSR constituted barely 2 percent of the entire export of Poland to the Soviet Union, and included such goods as: potatoes, vegetables, frozen fruit, apples, as well as...flowers. We sell neither meat nor grain to the Soviet Union.

What Is Taken Into Account

We do indeed receive packages from the West--in other words, charitable aid. Not diminishing the significance of this aid, is it not, however, possible to observe that it is not the packages that decide the present and future of our nation. They can be compared to hors d'oeuvres. Although we like hors d'oeuvres nonetheless, in order to be well-fed we must eat the main course. While we get hors d'oeuvres from Western countries, the governments of those nations are doing everything they can so that we will have shortages of the basic courses.

Aid from socialist countries is of a different nature. We also receive packages from them, but they do not constitute the essence of the aid. Here are several facts.

During 1980 and 1981, the Soviet Union furnished us with aid in the amount of 3 billion 885 million transferable rubles (2 billion 934 million dollars). We also received aid, not subject to repayment, in the amount of 465 million dollars.

After the introduction of martial law, the USSR hastened with additional supplies of meat, grain and ammonia.

In 1982, we received from the USSR a credit of 2.7 billion rubles to balance our accounts with that country.

The USSR and other socialist countries are sharing in the continuation of several of those Polish investments, which were disrupted by a shortage of means. CEMA countries also agreed to stock the machinery and implements not used by us at present. Thus, the full value of many billions of zloty, instead of being wasted unproductively, will be stocked for mutual benefit.

And here are several details from only one area--metallurgy. This important branch of our economy very strongly felt the Western economic sanctions. The situation was able to be saved thanks only to the aid of CEMA countries, especially the Soviet Union. The USSR supplied our metallurgy industry with ferrous alloys previously imported from the West. Getting ahead, we received adjusted supplies of ore and iron, chromium and manganese. Our Soviet partner showed interest in the production capability of such firms as the Katowice and Lenin steelworks, and provided aid for the continuation of suspended capital expenditures in these steelworks.

The Stalowa Wola Steelworks produces heavy equipment on American licenses. We were buying tires for the equipment in France. When a shortage of foreign exchange developed and a cessation of production seemed imminent, the USSR took it upon itself to provide us with the appropriate tires.

/Examples of such aid could be expanded. It is less visible than a package but, instead, it has incomparably greater significance./

/The Council for Mutual Economic Aid (CEMA)/ is an economic organization of socialist European countries, to which Mongolia, Cuba and Vietnam also belong. It came into being in 1949. Its headquarters are located in Moscow. The aim of CEMA is to be instrumental in the planned development of the national economy, the acceleration of technological and economic progress, as well as raising the prosperity of member countries.

9891
CSO: 2600/661

COOPERATION GROWING WITH WEST IN AGROINDUSTRIAL COMPLEX

Prague REVUE OBCHODU/PRUMYSLU/HOSPODARSTVI in Czech No 2, 1983 pp 34-35

/Article by Eng Vratislav Kroc, Federal Ministry of Foreign Trade: "Production Cooperation in the Agroindustrial Complex With the Firms of Nonsocialist States"/

/Text/ Like trade relations in general, international cooperation relations also are affected by changes in international political and economic conditions. Their deterioration which occurred last year can also be reflected in certain restraint of partners in establishing cooperation relations. But not even in this context can the fundamental tendency in this area be denied--the increasing scope of cooperation relations.

Law No 42/1980 of SBIRKA on economic relations with foreign countries and CSSR Government Resolution No 284/1980 of SBIRKA contain the regulations on production cooperation now in effect. (The principles for more effective use of production cooperations with the NSZ /nonsocialist countries/ and the SFRJ /Socialist Federal Republic of Yugoslavia/). The procedure for approving contracts on production cooperation and production specialization with foreign countries is spelled out in CSSR Government Decree No 157/1980 (which designates the approving authority according to the anticipated annual merchandise turnover based on the planned contract). The Czechoslovak domestic production organizations and the appropriate OZO /foreign trade organization/ must submit a technical-economic analysis and demonstrate advantages of the planned cooperation relationship in each instance.

In contrast to previous agreements which provided for cooperation in engineering sectors only, their present scope is broader. More emphasis is put on the specific features in other production sectors particularly from the standpoint of the long-term distribution of the production process. It was possible as early as 1980 to purchase, within the cooperation arrangements, production equipment, licenses and raw materials, semifinished products and other materials necessary for cooperative production. All imports are paid for by cooperative exports which may also include finished products. The basic condition of a cooperative relationship is that it must show a long-term balance or surplus.

Cooperations are planned and carried out as a type of Trade 42 which means that the export and import volumes are in the nature of a control indicator. Exports and imports are detailed in the plan for OZO within the total export and import targets. Room is thus made for adjustments of these indicators to the actual need of production enterprises as the principal executors of production cooperation.

The most frequent reason for production cooperation from the standpoint of Czechoslovak enterprises is the need to raise the technical standard of products, to secure complementary imports, to obtain new technology or to master production according to the purchased license. In most instances a transfer of technical and technological knowledge takes place which speeds up our own technical development.

	17 FMVS	18 FMHTS	19 FMEP	20 FMZVž	21 MP ČSR	22 MP SSR	23 Ostatní	24 Celkem	25 Podíl na koop. vývozu I. pol. 1982
1 NSR	12	5	2	4	–	1	7	31	56,0
2 Francie	3	–	1	–	–	–	1	5	8,9
3 Itálie	3	–	–	–	–	–	2	5	5,8
4 Rakousko	2	1	1	1	2	–	2	9	3,1
5 Švýcarsko	2	1	–	–	1	–	1	5	0,1
6 Nizozemí	1	1	–	1	–	–	1	4	1,1
7 Švédsko	–	3	–	1	–	–	1	5	2,6
8 Malta	2	–	–	–	–	–	–	2	7,1
9 V. Británie	–	–	2	–	–	1	–	3	5,9
10 Kanada	–	–	1	–	–	–	–	1	6,4
11 Finsko	1	–	1	–	–	–	–	2	–
12 Norsko	–	–	–	–	1	–	–	1	0,3
13 Dánsko	–	–	–	–	–	–	1	1	0,2
14 Záp. Berlín	1	–	–	–	–	–	–	1	0,2
15 Portugalsko	–	–	1	–	–	–	–	1	2,3
16 Indie	–	–	1	–	–	–	–	1	–
24 Celkem	27	11	10	7	4	2	16	77	100,0

2/1983

Key:

(1) FRG
(2) France
(3) Italy
(4) Austria
(5) Switzerland
(6) Netherlands
(7) Sweden
(8) Malta
(9) Great Britain
(10) Canada
(11) Finland
(12) Norway
(13) Denmark
(14) West Berlin
(15) Portugal
(16) India
(17) Federal Ministry of General Engineering
(18) Federal Ministry of Metallurgy and Heavy Engineering
(19) Federal Ministry of Fuels and Power
(20) Federal Ministry of Agriculture and Food
(21) CSR Ministry of Industry
(22) SSR Ministry of Industry
(23) Other ministries
(24) Total
(25) Share in cooperative exports during the first half of 1982

At the present time, cooperation is based on a total of 77 effective contracts on production cooperation which were signed by Czechoslovak enterprises with firms of nonsocialist states (as of 31 October 1982). This means that 39 new cooperation contracts were signed since the beginning of 1980, including 16 contracts signed in 1982 alone. The volume of commodity exchange based on cooperation contracts, however, is still unsatisfactory because it does not exceed 1 percent of the total CSSR foreign trade turnover with the nonsocialist states. (For comparison: at the present time Hungarian enterprises have more than 500 active cooperation contracts which account for more than 5 percent of the Hungary's total foreign trade turnover with the capitalist states.)

It must be borne in mind that even a relatively small volume of cooperative commodity exchange can significantly affect the volume of Czechoslovak exports. Nevertheless, we must state that Czechoslovak production enterprises and respective OZO have not yet succeeded in larger scale use of production cooperation as one of the tools which make it possible to accelerate technical development and to flexibly react to changes on the foreign market at the same time.

We can say of the overwhelming majority of contracts now in effect that they are being satisfactorily implemented and are bringing the anticipated effect. Most of the contracts cover engineering sectors (machine tools, construction and road-building equipment, thermal-energy equipment, hydraulic systems, agricultural implements). The state of cooperation in the electrical engineering industry is unsatisfactory. Cooperation contracts have recently been signed in chemical and consumer industries and agriculture.

The following summary shows that the organizations supervised by the ministry of agriculture have signed seven cooperation contracts with Western firms. Following is a brief outline:

-- Contract on raising cattle for breeding, for use [as beasts of burden] and for slaughter (JZD [unified agricultural cooperative] Slusovice, Koospol--Blomerx, Austria)

Cooperation lies in the import of a piebald breed of beef heifers very efficient in terms of milk production and weighing 430-500 kg, in the import of high calorie dry skimmed milk for fattening of milk-fed calves and in the export of milk-fed calves for slaughter weighing 160-180 kg. In addition, advisory service is provided in regard to fattening and care of cattle in the area of breeding and raising of cattle, testing and utilization of very efficient animals.

-- Contract on cooperative production of LACTIFERM probiotic preparation (JZD Hustopece, Transakta - Medipharm, Sweden)

The foreign partner firm made available to use free of charge its production equipment and formulas, and supplies some preparations. In accordance with the contract, the Czechoslovak party made available the building for this production, and production and technical personnel. For the most part, the

raw materials are supplied from domestic sources and the finished preparation is delivered to the foreign partner firm.

-- Contract on cooperation in growing fruit (OSM [district state farm] Stupava, Transakta--Agrar-Consult, FRG)

The contract covers cooperation in the import of efficient improved varieties of strawberries and certain types of berries, in the import of special machinery for comprehensively mechanized lines and in the export of fruit produced in OSM Stupava.

Furthermore, cooperation covers exchange of experiences with the cultivation of strawberry seedlings, testing of newly developed improved varieties, introduction of the most progressive form of industrial production of strawberry seedlings from meristem cultures which can be stored throughout the year. It also anticipates mutual cooperation in the utilization of harvesting equipment, special equipment for cultivation of fruit trees and its incorporation in comprehensivelyy mechanized lines.

-- Contract on cooperation in production and sale of frozen vegetables and fruit (Mrazirny, sectoral enterprise, Prague, Transakta—F. Hoffman & partner, FRG)

Cooperation involves collaboration in the import of vegetable and fruit seedlings, import of protective chemicals (herbicides, insecticides and pesticides), machinery and equipment for processing of vegetables and fruit and export of frozen vegetables and fruit (spinach, peas, red and black currants, elderberries and plums).

Imports include primary harvesting equipment, seedlings, protective chemicals and machinery for processing in freezing plants. At the same time, the Czechoslovak party obtains assistance in the introduction of new technology and training of personnel.

-- Contract on cooperation in growing onions (JRD [unified agricultural cooperative] of SZM [Socialist Union of Youth] Kolarovo--Hamelco, FRG)

The subject of the contract is the entire process of growing and processing of onions (including harvesting, storage, treatment, sorting, packaging and sale). Imports include seeds of efficient varieties, pesticides and equipment for the preparation of soil, sowing, harvesting, postharvest handling and retail packaging, all of which will be paid for by exports of onions. The contract provides also for advisory service.

-- Contract on cooperation in raising of utility and purebred cattle and pigs (GR [general directorate] State Breeding Enterprises, Prague, Koospol--Marox, FRG).

The subject of cooperation are the deliveries of utility calves-bullocks and purchase of purebred animals for raising cattle and purebred boars. Moreover, experiences are exchanged concerning the breeding and reproduction of

cattle and pigs, application of biotechnical methods in reproduction control. Combined with it are the examination and testing of purebred animals. Within this cooperation agreement the Czechoslovak party buys laboratory instruments and equipment for modernization and intensification of breeding procedures every year.

-- Contract on cooperation in breeding of broilers of the HYBRO type (Poultry Industry general directorate, Transakta--Euribrid, Netherlands)

This cooperation contract provices for the introduction in the CSSR of grandparental breeding of broilers of the Hybro type and Mini Hybro type. The Czechoslovak party imports HYBRO parents' eggs to be hatched. At the same time it acquired the project for production of parents and broilers from the HYBRO grandparents (including technical information on management of poultry breeding--feeding, lighting, vaccine programs and so on).

Another contract on breeding cattle and cattle for slaughter is the subject of the approval proceedings.

In addition to these contracts which deal directly with agricultural production, there are a number of cooperation arrangements in agricultural production. This involves cooperation in the area of small agricultural mechanization, rotary mowers, tower silos for hay, harvesters suitable for slopes, cleaning equipment and equipment for animal production.

The main direction in the implementation of cooperative relationships are the concepts of production cooperation with the nonsocialist states in the key production sectors (FMVS, FMHTS, FMEP, MP CSR and MP SSR) which were approved by the council of MHVTS [ministries of metallurgy and general and heavy engineering] in August 1981. The review of their implementation by OZO and commercial departments in April 1982 revealed that there were approximately 180 cooperation projects in various stages of elaboration. More than 60 of them were processed after the approval of the basic concept, while, on the other hand, some projects after the preliminary negotiations appeared as not timely. It is encouraging that most of the Czechoslovak exporting engineering sectors are seriously considering establishing cooperative relations. Likewise, several cooperation projects appeared in the electrical engineering industry, but for the time being without any linkage to the expansion of the components basis. In industrial sectors, several projects appeared for cooperation which focused on the more efficient processing of domestic raw materials.

In connection with the discussions on the potential increase in production cooperation with the nonsocialist states, Transakta and Koospol OZO and some Czechoslovak commercial departments abroad have submitted the following cooperation projects which are already in varying stages of negotiations:

-- recycling of city waste;
-- sowing machines for vegetables;
-- growing of choice types of vegetables and fruit;
-- comprehensive agricultural systems;

— poultry;
— improvement and growing of potatoes
— introduction of new methods of cattle feeding;
— breeding and improvement of cattle.

These facts make it clear that some responsible economic workers in agriculture have properly grasped the "philosophy of cooperation." The results of existing cooperation agreements have been positive and brought expected effects. In considering additional cooperation projects, it will be certainly useful to mention some cooperative relationships already existing between the enterprises in other socialist countries and firms in the capitalist states.

Bulgaria	Joint research in the area of preservation of meat, fruit, vegetables and packaging of preserved food;
	Cooperation in construction of a Pepsi-Cola plant and production.
Hungary	Additives to fodder compounds;
	Production of Tuborg beer;
	Poultry processing lines;
	Freezing plants for freezing agricultural products at very low temperatures;
	Research, development and production of enzymes for preservation and utilization of animal waste;
	Neuro fodder system;
	Processing and dehydration of fruit and vegetable juices and extracts;
	Processing of fruit juices;
	Production of apple pudding;
	Boxes for storage of fruit and vegetables;
	Diabetic lemon and orange juices;
	Manufacture of ginger beer.
GDR	Agrochemicals.
Poland	Area of protection of plants and of animal environment.
Romania	Production of fodders enriched with proteins and additives.

Yugoslavia	Milk production
	Cultivation and processing of tobacco;
	Technology of baby-food production.
USSR	Machinery and equipment for food industry;
	Growing of rice, oats, corn;
	Protein extracts from oil seeds;
	Pepsi-Cola production;
	Regeneration of tobacco waste;
	Aromatic preparations and essences;
	Machinery and equipment for cultivation and harvesting of sugar cane;
	Canning lines for canning of fish on ships;
	Progressive technology in production and processing of meat.

This summary of existing cooperation contracts is naturally very brief. More detailed information can be obtained from Transakta PZO [foreign trade enterprise] which is in charge of the data bank of cooperation agreements signed between the enterprises and firms of socialist countries and capitalist states.

All OZO must always closely cooperate with the production organizations in establishing cooperative relationships. At the same time, they should propose cooperation contracts which can raise the technical standard of Czechoslovak products, make them more salable and reduce import needs. In this context, of special significance are the operations of Transakta PZO which, among other things, has been entrusted with providing expert advice to the Czechoslovak production organizations in negotiating and evaluating of cooperation projects. In certain instances, this enterprise can carry out also foreign trade activity related to the implementation of cooperation contracts already signed.

The appropriate organs again dealt last year with the problems of improving existing regulations and general terms for expansion of production cooperation with the nonsocialist states. It was stated that the regulatory framework for cooperation contracts was satisfactory and that only some minor revisions were necessary which would reduce paper work related to the cooperation agreements to a minimum. All levels of management must now correctly realize the possibilities of production cooperation for the fulfillment of ambitious plan tasks and for the implementation of tasks of scientific-technological development and exports.

10501
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SUITABILITY DEEMED PRIME REQUIREMENT FOR PERSONNEL WORK

Budapest MAGYAR HIRLAP in Hungarian 12 Apr 83 p 4

[Article by Valeria Revai: "Suitability, Selection, Respect; Conference on the Quality of Personnel Work"]

[Text] As we reported earlier, the State Administration Academy and the Trade Union of Public Employees put personnel work and the question of a further development of this activity on the agenda within the framework of a national conference. About 60 experts--experienced in practical work, theoretical guidance and scientific research--sat down at the table to debate personnel policy in public administration. In this case the word "debate" is far from being a routine designation; it very precisely expresses the essence of the conference. There really was and is a debate, not only because we can justly speak today of a changing of generations but also because the renewal of state or council administration is not simply a question of generations.

The basis for the debate was provided by the studies which appeared in the February issue of ALLAM ES IGAZGATAS. These articles were independent of one another, but their conclusions coincided. Almost without exception the authors drew attention to problems and troubles. Perhaps this is why Dr Endre Szabo, deputy first secretary of the Trade Union of Public Employees, stressed in his debate-initiating report--which was later given even more emphasis in the comments of Gyula Papp, chairman of the Szeged Council--that despite existing and largely well-known problems Hungarian public administration had achieved a significant development and today can withstand even international comparison in many areas. Only this development can be a realistic foundation for evaluating present and outlining the tasks.

The deputy first secretary posed the question this way: What is characteristic of public administration today? In the first place there is no shortage of changes; public administration is embued with a demand for renewal, reform and modernization. In the second place, in contrast with this, stands the fact that the personnel apparatus of public administration has not kept up with the development of public administration. It must be stated self-critically that we have done little to build up the apparatus--and are doing little today too.

Categories?

How can we liquidate this deficiency? The studies cited in ALLAM ES IGAZGATAS tried to seek answers to these questions, that is, to chart this area. It is time to compare the research results with the position of the practical experts if the organs involved are to know the uniform opinion which has developed, that is, the possible concrete proposals. The conference took place in this spirit.

The basic question is: What sort of personnel should public administration have in the future? It is certain that certain functions and tasks will change fundamentally; there may be a need to transform organizational units, administrative organs and some spheres of work. It is almost certain, Endre Szabo said, that the change in pace in public administration will significantly increase the demands being made on those organizing public administration. It can be imagined that in the future we will employ in ever larger numbers experts working on a contract basis, in addition to appointed experts. In addition, it is extraordinarily important to make a lifetime public administration career more attractive to those who choose it. At the moment the lack of opportunities for advancement is the chief obstacle to choosing this career. If titles and wages were based on training and performance, if there were a new basis for supplementary wages and premiums for those offering extra performance and if the opportunities for advancement were clearer and more easily reviewed by all, we would certainly achieve only what the opponents of this change frequently emphasis, that such a system of advancement would preserve the present quality of administrative personnel.... So we must also change the wage and earning relationships, the system of awards. The time has come for a complete renewal of personnel policy, for a comprehensive reform of personnel administration.

The achievements are the test of the work of the councils, council chairman Gyula Papp began his comment, and in this area we have nothing to be ashamed of. According to the findings of an evaluation prepared for the 30th anniversary of the founding of the councils, public administration as a whole is functioning well. A new, stable apparatus has also grown up which passes the test professionally. A favorable balance concerning the councils can be prepared on the basis of figures and legal indexes as well. But these evaluations are not identical with the judgment of public opinion! There are innumerable reasons for this. According to Gyula Papp, there is from time to time virtually a "national campaign" in the press, radio and TV to run down public administration; the rigor and "punitive role" of administration does not make it popular; it is not clear to public opinion whether those applying or formulating the laws are responsible for bureaucracy; and it also weakens the prestige of those working in public administration that their material rewards and moral recognition are substantially worse than those of other experts with similar training in other areas.

In his comment Dr Geza Kilenyi, deputy director of the State Administration Organization Institute, said that we are used to talking openly and frankly in various scientific and public forums about our problems, naturally with the intention of helping. It is to be hoped, he said, that the atmosphere and tone of the conference will not deviate from this custom. But there is confusion,

he continued, in that one can read in more and more studies and supposedly scientific articles an artificial categorization of public administration personnel. Taking over the Anglo-Saxon terminology, we also are beginning to speak of "politicians," "specialists" and "generalists." This is incorrect, on the one hand because it suggests that professional knowledge excludes political sensitivity and, on the other, because it sharply distinguishes and puts into apparently insuperable "castes" the elected and appointed officials. It is unfortunate to popularize a view which gives birth to separation and treats the given categories as a value judgment.

Viewpoints

Dr Miklos Raft, leader of the Secretariat of the Council of Ministers, who for many years was active in Hungarian public administration as deputy chairman of the Councils Office, examined the role of personnel in the modernization of public administration in his study in ALLAM ES IGASZGATAS. In his study he took over and expounded in detail the categories so favored by sociologists to which Dr Geza Kilenyi had objected. In the opinion of Dr Miklos Raft, these categories are more fortunate than the customary triple division of official, leader and administrator. But the simplified position by which lay people categorize "politician" is in error; it is an error if they do not see that this category includes those who should preserve their political attitude and way of looking at things. The present practice, according to which some of the council chairmen actually lead the apparatus, is incorrect; many of them are happier getting involved in concrete administration, hence becoming less involved in dealing with council members, in organizing committee work and in building up contacts with the populace.

He added that personnel work in public administration can be derived from the policy of the party. Our problems do not derive from the fact that the party has formulated an incorrect policy but rather from how the local leaders apply this policy. He emphasized that the long-range development of public administration must include a good personnel policy. We must know--and in good time--what the personnel of public administration must be suitable for. In his opinion there certainly should be, in the future, a strengthening of the democratism of public administration in the work of the bodies and in dealing with people. The problem of the role played by the state should be clarified; if our economic policy remains unchanged, then it is certain that public administration also must serve this freer spirit, encouraging initiative and entrepreneurship. And in this case we can certainly count on a further strengthening of local independence in public administration also. Cadre and personnel policy must see to it that we select and retain the experts indispensable in public administration.

Dr Imre Verebelyi, director of the State Administration Organization Institute, also took a stand for the categories "politician," "generalist" and "specialist." The fact that the category "politician" means something different in countries with a multiparty system is not in itself reason for us not to adapt these concepts to our unique circumstances. It is true that council chairmen in Hungary are not politicians in the same sense as in the West, where exchanges are more

frequent due to the multiparty system, while here the same council chairman may be reelected for decades. This fact, in itself, does not rule out that even here the council chairman should be a politician in his own post. Verebelyi also considered the lack of healthy social mobility in public administration a dangerous tendency. A stratum has developed in a given age group which follows a virtually schematically depictable career. So good experts raised in place do not get leading posts, and cadre replacement plans frequently lose their significance. Speaking of the prestige of public administration, he said that every state is inclined to blame its mistakes on public administration, and we may not be exceptions to that rule. Unfortunately, however, even more blame than necessary may fall on the neck of public administration.... It is true that public administration is condemned frequently in the press, radio and television--sometimes without sufficient reason. But since this reporting also represents social supervision, these articles and reports are indispensable, even if sometimes they are exaggerated and generalize too much. The openness of the press cannot be a question of "orders."

The exchange is beginning to "slide" in the direction of the councils, warned Dr Lajos Szamel, professor in the state and legal sciences faculty of the Pecs Science University, although there is a reason and explanation for this. The council organization has always stood in the center of interest, while the work and internal structure of other organizations--ministries, chief authorities--has been given a good bit less publicity. Some areas have more than one master too, and with too many masters you lose the child.... When examining the further development of our personnel policy the question automatically arises: Can we even speak of a personnel policy? The studies in the journal and what has been said in the debate thus far have dealt with this or that part of personnel policy, but no one knows the comprehensive personnel policy. Nor can we cite the much-mentioned Resolution 1019 as a personnel policy resolution. This was obsolete even at the time it appeared; it contained a good number of public life phrases--popular at the time--but it was silent, for example, about the problems of training. Although it correctly formulated the triple requirement, it failed to develop a system of responsibility--which would be an indispensable element of personnel policy. We can no longer postpone the development of longer-range personnel policy directives.

Dr Tibor Madarasz, university docent and director of the State Administration Sciences Institute of the Lorand Eotvos Science University, reported on the experiences of his former students. Those who are satisfied are those who can work with leaders who pay attention to independent thinking and who recognize initiative as a virtue and work in places where worthwhile independent work is being done, where they do not feel themselves to be on a treadmill and where the material and moral recognition is in harmony with all this. Madarasz had an interesting observation: the majority of those who are satisfied live in the provinces, but the young people going to capital and city district councils are "lost" in the volume of work, in the large organizations.

That For Which There is No Time

Dr Pal Mezosi, chief of the personnel department of the Szabolcs-Szatmar Megye Council, talked about the problems of personnel people--of almost all those in the same shoes. In recent years the work of personnel people has been reduced to a sort of firefighting work; if a leader is needed somewhere, they have to find one.... They do not have the energy to deal with the personnel of the existing apparatus, to care for their lives. The causes include the fact that extraordinary burdens fall on those working in personnel. In many places they must also solve the social policy problems of those working in the apparatus, that is, they take care of vehicle problems and so forth. But the leadership does not require them to do other worthwhile work.

Laszlo Boros, an assistant in the state and legal sciences school of the Lorand Eotvos Science University, considered the great majority of the studies in ALLAM ES IGAZGATAS to be good articles, thought-provoking and critical, but he added that perhaps they were not sufficiently well founded in every detail. The trouble was not with the critical audacity but rather with the fact that some of them--at certain points--were only shooting down balloons. This is true even if it must be recognized that Hungarian public administration has gone through a significant development.

In its entire vertical structure, he continued, public administration is tied to the law, but one of the biggest problems for public administration is caused by the fact that it must work in a legal system which is sometimes ineffective due to overregulation. In some ministries and chief authorities this development has become virtually the exclusive way of exercising power; if they sense a problem somewhere they issue a new regulation as a solution. But the mass of regulations can hardly be followed today, so it may be understandable that a supplementary mechanism, the system of so-called "internal customs," has developed, and the administrators take care of matters according to these customs--covered by a sufficient number of paragraphs. Can it be wondered, he asked, that the administrators protect themselves in this unique way?

In our present situation, he emphasized, the role and significance of internal reformers in public administration has increased extraordinarily; such responsive people should be respected better and rewarded more effectively; perhaps we should not shy away from certain "privileges." Of course, this category will have to be re-evaluated, because we are not talking about "feudal" privileges. For example, we must resolve the maze of restrictions facing those working in public administration. In contemporary Hungarian society, hardly 20-22 percent do not have some sort of secondary income; almost all those working in public administration are in this category. But certain types of privileges could be given them; it is only that care must be taken that these be open and truly based on results achieved by their work.

Political Work at Every Post!

Laszlo Csizmadia, of the Central Committee of the party, emphasized in his comment that the questions of public administration are political questions. There was a time when political leaders necessarily took leadership posts; for

a long time we did not have reliable experts. Today one can sense a sort of restlessness in regard to the triple requirement. But nothing justifies this, because there is a dialectic unity among them. Today, in 1983, the priority condition for selection is professional suitability, and from among those who are professionally suitable for a given post we must select those who also have adequate political sensitivity. It is unfortunate that in practice there are a number of counterexamples to this important principle. Those who work in public administration, at whatever post without exception, are doing political work.

The conference ended with a summation by Lajos Loricz, deputy director in chief of the State Administration Academy. He agreed with every participant, he said, in that it was necessary to develop personnel policy for public administration further. It turns out that we have good ideas about training, wages, selection, classification, etc., but a personnel policy, in which these elements would constitute an interdependent unity, is actually lacking. A quiet, hardly noticeable "revolution" is taking place in the system of state administration; increasingly better trained people are working in public administration, so we really are witnesses to and participants in a qualitative development. The majority of the local council leaders are now as well trained as ministry officials, so neither megye nor branch nor supreme authority people can cite a "privilege of knowledge." Let us give free reign to collegial cooperation.

8984
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MANAGERS URGED TO GIVE ENGINEER FREE REIN

Budapest NEPSZABADSAG in Hungarian 9 Apr 83 p 5

[Interview with four Hungarian top technocrats by Istvan Foldes in the editorial office of NEPSZABADSAG; date not specified]

[Text] The technical intelligentsia has in many ways a decisive role in the development of our country and our national economy. This is particularly true nowadays when an improvement in the production structure, an increase in productivity, and the introduction of new products and new technology are key questions of our progress. A round table discussion concerning the role of our technical intelligentsia in this process and its valuation in our society took place in our editorial office. The participants were: Karoly Demeter, general manager of Egyesult Izzo (United Incandescent Lamp and Electrical Company, UILEC), Adam Juhasz, undersecretary of state in the Ministry of Industry, Sandor Szepessy, department head of the OMBF (National Technical Development Committee) and secretary general of the Magyar Technikai Egyesulet (Hungarian Technological Association), and Ferenc Trethon, former cabinet minister and associate president of the MTESZ (Federation of Technical and Scientific Association). Our editorial board was represented by Istvan Foldes.

In Determining Role

NEPSZABADSAG: More than 300,000 persons are working in our country in technical professions. From them about 150,000 are employed in industry. In view of the fact that industry determines the technical standard of almost all areas of the national economy, I suggest that we first discuss the situation of those technicians who have a job in industry. We can do this since the problem of the technicians who are working in other areas differ only in some specific details from those of their colleagues in industry. Please speak about the position of the technical intelligentsia in our society and how it performs its role.

A. Juhasz: The technological revolution has worldwide upgraded the work of the technical intelligentsia. The current situation of the world economy,

its need to overcome crisis and stagnation has further enhanced its importance. This is one of the causes of a global phenomenon, that of the rapid growth of the ratio of technical intelligentsia within societies. During the last 2 decades this is what happened also in our country. Between 1960 and 1980 the number of manual workers decreased by 11 percent, while that of the technicians grew almost two and a half times.

K. Demeter: According to a last year survey by the trade union of iron workers, in the 21 largest iron works, which are employing one fifth of the total of workers who belong to this union, there were 25,450 white collar workers. From these 6,466 were university graduate engineers, 477 university graduate economists, 3,431 college graduate business administrators and the rest high school graduates. A survey of their positions shows that, after a certain age, the university and college graduates reached leading assignments. We can only speak with respect about the worker managers of the first years [of our regime] but nowadays high-standard training and leadership qualities are the premises of any managerial position.

S. Szepessy: Some managers consider the engineers technocrats who have nothing to do with real life. This is not true. Hungarian engineers acquire a lot of economic knowledge during their training. An engineer becomes a good professional only when he is able to coordinate the technical tasks with economic possibilities, and when he seeks an answer not only to the question what should be produced but also at what cost. Yet instead of consulting their engineers, managers often turn to people of low standard technological training about technical questions, merely since these accept their bosses' stance without further ado.

A. Juhasz: This is an excessive generalization, the more so since technicians are occupying the majority of the leading positions in the enterprises. Moreover the managers themselves prefer to rely on the opinions of a competent staff in decisionmaking. I do not want to deny that there are cases of conflict between technicians and economists. Nor would I pretend that managers always choose the best collaborators. Yet antagonism between engineers and economists is as little justified in our macroeconomic concept, which is based on profitability, as opposition is between engineers and bluecollar workers. The party broke away radically decades ago from those sectarian views which underestimated the role of the intelligentsia. We have overcome --at least in societal dimensions--such differences. For it is quite clear that no factory can work smoothly if technicians, economists and workers fail to collaborate as closely possible.

F. Trethon: This is very important since most tasks require group undertaking and well organized teamwork rather than merely individual effort. It is a cause for concern that public education, from kindergarten through the schools, neglects teamwork and prefers to stimulate individual achievement. Let me note also that a realistic evaluation of the technical intelligentsia's role demands an overall evaluation from the inception of the invention and thought through innovation and implementation to marketing. The intervention of the technical intelligentsia is decisive--even if to variable extents--in all these phases. For a good idea is merely the starting

point and--to use a biblical metaphor--the last judgment at the final stage of the process is pronounced by the market. The work has a collective character in this interpretation too.

Creative Teamwork

NEPSZABADSAG: Let us have a close look at team work.

S. Szepessy: The output of the team depends on the challenge posed to it, on the conditions of its functioning and the stimuli. In a more demanding environment the same engineers are producing more than in another where high standard performance is neither expected nor properly supported. In such environment the most outstanding of them become frustrated and bitter. Our macroeconomic management should streamline its demands from the technicians to the requirements of the world market. At the same time it should also offer them the possibility to learn about the demands of the world market from foreign magazines and by attending fairs and conferences abroad.

F. Trethon: It is the management's task to render the work atmosphere creative and--taking into account the talents of its collaborators--to study how their ability can be put to its best use. It is fine, of course, if the manager himself is a creative person, but his prime task is to make the work atmosphere creative and to maintain its creativity. The question should not be therefore what I should give and what I may get in return, but what I can get and what I should do for it. Central guidance must provide the necessary conditions but also must issue strict instructions. I do not blame the enterprise managers for their preference for gray, since it is the least conspicuous of the colors, and their preference for the lake among the waters, since it stands still. Upper-level management should not judge the enterprises in terms of their base-line view but according to their ability to use their potentials. For their task is not only to preserve the assets that the state puts at their disposal but to increase them by living up to their possibilities. We often hear and read that technological development is a threat to us. I would rather call it a chance.

A. Juhasz: And even more a challenge.

F. Trethon: In order to catch up with the developed industrialized countries, we should first of all catch up with ourselves. We must give green light to all people with a sense of initiative and fresh ideas--although the introduction of everything new entails a certain risk. We often hear: "The trouble is that the interests of the enterprise and those of the national economy are clashing day in day out." Yet in most cases it is not business and national economic interests which are contradictory but the short-term versus long-term interests of the enterprise, and this is what blocks technological progress.

K. Demeter: All this is true but it is also true that the enterprises can do a lot to reconcile the contradictions. In the United Incandescent the role of research and development work is traditionally more important than in other industrial enterprises. We are aware of the fact that our future

depends on strengthening of research and development in the long run. Yet I think that the environment is not stimulating enough even in our enterprise.

And then there are the so-called difficult people, the eccentrics. They are our greatest values. Most of them are technicians but there are also some among the workers. They are reluctant to work in a team, and the others do not like to cooperate with them because of their whimsical character.

S. Szepessy: Creative people are those who always wonder how to solve a problem and their opposites are those who can always explain why a certain problem cannot be solved. And the latter are often better off financially than the former--at least most engineers think that it is so and public opinion tends to confirm this.

F. Trethon: Opposition to anything new is not an exceptional phenomenon since everything which is new might affect the interests involved in what is old. Anyway the fact is noteworthy that thus far it has been difficult to beat the average; this was not made possible by either the regulators or the environment.

S. Szepessy: Yet the intelligentsia can only develop its creative faculties if its members are treated as adults, and if they have broad decisionmaking possibilities and the inherent responsibilities. Yet our macroeconomic management tends to reduce creative people to over-bureaucratized and regulated employees.

The Requirements of Practice

A. Juhasz: There is something impersonal in such complaints as: "they do not appreciate him," and "they do not allow him." But no one ever knows who are "they." However if everybody talks so it means that we are all involved, both inasmuch as we are not appreciated and that we do not appreciate the others.

Yet I think this is not a paramount problem. The social lack of aspirations that we already discussed is much more an issue to be considered. It is motivated by the fact that, although our country now has to meet the challenge of the world, certain enterprises hardly realized this and the groups and individuals working in them are even less aware. Instead of meeting the requirements of the world economy, a situation has evolved in which people can fare quite well by doing merely routine work. When some technicians are complaining that they are not assigned tasks befitting their ability and training, they are often right. But let me also add that it would be wrong to think that the job of an engineer consists only of creating and inventing. Most of an engineer's work is merely drudgery. The task of the majority of engineers is to assure and improve, day by day, the quality of the product, to observe the technological requirements and to meet the demand of the customers. The rationalization of the use of raw materials and energy belongs also to the prime tasks of an engineer, even if many of them do not

consider this creative work. Moreover the technicians also have to care about work efficiency and to collaborate in market research.

K. Demeter: In my view the universities do not prepare young people sufficiently for their jobs, they grow up in a kind of dream world. When a young engineer trained in modern technology gets a job in an enterprise, he is confronted with less advanced situations and while he would like to do creative work he has to perform the routine tasks of an engineer in the best of the cases.

A. Juhasz: Many technicians would like to compete individually but they are not enthusiastic about performing routine tasks. Incentives are of course important in this respect but they do not suffice.

K. Demeter: The work of the technicians is--in my view--determined by the aspirations or the lack of them in the enterprise. This encompasses not only technological progress but work discipline, quality care and--if management has enough room for decisionmaking--it involves also the remuneration of activities in support of not only short-range but also long-range goals.

We must also discuss the need of improving the training of the technicians. There are now much more technicians than ever before, yet the educational standard of the average Hungarian technician, let alone his knowledge of languages, runs below the standards of a jurist or a medical doctor. This is the consequence of a sort of counterselection. The elite of the high school graduates is attracted by the humanities. In that area there are too many applicants for admission to the universities, and only the most qualified are admitted. On the other hand the engineering faculties have to accept also the less qualified students. But let us return to the problem of knowledge of foreign languages. United Incandescent has not enough technicians who speak foreigh languages and we often have to assign interpreters to our missions abroad.

The Income

NEPSZABADSAG: We have often touched upon this question today, let us discuss it now in closer detail: What is the remuneration of technicians in our country?

A. Juhasz: There is no doubt that the difference between the income of the technicians and the blue collar workers has constantly decreased in Hungary since liberation. While in 1949 technicians earned twice as much as manual workers, in 1970 the former earned 50 percent and in 1979 only 17 percent more. While the closing of the gap between these two categories of income is a worldwide phenomenon, the dimensions of this process bears no comparison with what occurred in Hungary.

K. Demeter: The income gap between managers and workers has also diminished. Between 1976 and 1981, the difference between the income of managers and assistant managers on one side and workers on the other decreased by 39 percent.

S. Szepessy: There is a frequent imbalance between the incomes of the various categories of technicians. Those who are at the level of command in production are better remunerated; these belong to the category of people who earn around 10,000 forint per month. However the merits of the designers, technologists, and organizers are much less acknowledged. I am therefore not surprised that some of the best qualified among them leave the large enterprises for some peripheral positions, for example in the infrastructure. But we may also meet electric engineers who are cab drivers or waiters.

F. Trethon: In my view what is really important is that these engineers meet social requirements in their new positions. We would need, for example, more engineers in the infrastructure, but of course not as cab drivers. Various examples show that technicians can sometimes put their talents of invention to better use, both for themselves and the national economy, in small enterprises than in their former position in a large enterprise where work did not correspond to their professional training.

A. Juhasz: The just and above all more differentiated rewarding of technicians is blocked by the wage system and the wage charts. Why is it, for example, obligatory to pay a low fixed salary to engineers in the beginning of their careers? If some one needs an engineer he should have the means to pay him a salary commensurate with his accomplishments. And if he does not need an engineer, he should not hire one only because there is a slot for this category on the company payroll.

F. Trethon: It is true that the lowest limits on the wage chart entail certain restrictions. But between the lowest and upmost limits there is a lot of room for the remuneration of good performance. The proper rewarding of an employee's work is rather limited by the lack of flexibility in mobile wages. The trade unions generally agree with this limitation. Yet in case of technicians, above all of the leading ones among them, the mobile wages which represent a reward for their performance should be larger than the prevailing 20-25 percent.

NEPSZABADSAG: The need of more differentiated wages has been much discussed over the last couple of years. With respect to the managers the necessary differentiation should be granted by the ministry and on enterprise level by the managers. Is this requirement now being met in connection with the current fixing of the annual premiums?

A. Juhasz: Differentiation has improved in comparison with the situation in recent past, but not sufficiently. The possibility to reward good work vary according to the categories of the enterprises, but the difference within one category is not larger than 10-20 percent. Yet in fact the premiums should represent an additional income ranging from one half of the average up to the double according to the employee's performance.

F. Trethon: The trouble is that while we condemn the base-line view in theory, in practice we accept it, for example in case of the conditions for premiums.

NEPSZABADSAG: A year ago we had noted in our newspaper that the salaries of novice technicians are established in the United Incandescent according to their school qualifications on a differentiated scale. How did this experiment fare and how differentiated are the salaries now in United Incandescent?

K. Demeter: The higher remuneration of some of the best young technicians stimulated the local business administration to give them and others jobs befitting their abilities, thus a process of correct selection is adopted among the technicians. As far as the managers' premiums are concerned, our possibilities are quite limited this year. We gave most of the money to the factories since they are better aware of the accomplishments than the central leadership. In the distribution however we encounter a difficulty--and this is not a problem characteristic of United Incandescent alone--that restrictions on the premiums have proliferated over the last couple of years. There are specific conditions for premiums on waste material management, energy savings and many others. We are unable to take into consideration all this. Thus we try to relate the mobile wages and the premiums to certain coefficients which are most relevant in the area under consideration.

The Social Position of the Technicians

NEPSZABADSAG: What do you think we should do immediately in order to better acknowledge the merits of the technicians?

F. Trethon: In the first place we should make sure that the role and the responsibilities of the technical intelligentsia got better known and better appreciated by the public opinion. If we look at the performance of the technicians so far, the difference between their importance and their social rank appears to be striking. Particularly creative people among them should be more appreciated, and society should consider this not only natural but also justified and necessary. In the beginning of the 1970s a directive was issued that the salary of blue collar workers should grow slower than the wages of manual workers. This is what happened in reality. The directive in question is erroneously still considered valid in various enterprises and in many cases. It would be urgent to change this situation and to drop the merely formal but in fact motivating assumption that an engineer--if he is in a leading position--should be considered an administrative officer, as far as remuneration is concerned. I think it is also important that the technical intelligentsia is aware that it has an organization to safeguard its interests. I am not referring to the MTESZ (Federation of Technical and Scientific Associations), nor to the Chamber of Commerce, but to the trade unions, whose duty it is to represent the interests of not only the blue collar workers but also the white collar employees, of course not by opposing the interests of one category to those of the other but representing both equitably.

A. Juhasz: The performance of the technicians is properly assessed by the world market and we cannot apply a less favorable gauge. Many Hungarian technicians can successfully compete with their counterparts abroad and we

have to appreciate this. Technical creation generally is--and we have concurred that it is so--the result of a collective effort. It is true that the design of the new Elizabeth-bridge was mainly the work of Pal Savoly, however the bridge was also the result of a broad team work. This is however no justification for the fact that Savoly's name is little known. If we can make the names of theater and artist ensembles widely known, we should do the same with outstanding technicians and their collectives. The government does this by granting awards and there are also various prizes for technicians, but we should advertise more the creative, nationally valuable activities of our technical intelligentsia.

12312
CSO: 2500/213

MEETING OF NEW REFORM COMMISSION TASK FORCE REPORTED

Warsaw RZECZPOSPOLITA in Polish 16 Mar 83 p 2

[Article by (em es): "The Enterprise Will Create the Reform"]

[Text] (Our own information) Enterprises are influenced by various functionally specialized economic subsystems and organizational-technical subsystems.

Prices, taxes, wage rules and regulations, and also the functions performed by an enterprise with respect to associations, local authorities, supply and sales organizations, foreign trade organizations, etc.--all the determining factors to which an enterprise is subject, were the topic of a discussion in the group for the affairs of enterprises operating under the Economic Reform Commission. The meeting took place on 15 March.

The proceedings of the newly formed group, which was chaired by Zdzislaw Malicki, the long-time director of the Stalowa Wola Steelworks, concentrated on the proposed working plans presented by the chairmen of the two subgroups: the first dealing with the so-called problems within enterprises, and the second dealing with the overall relations of an enterprise with its environment.

Organizational solutions can appear rational if each one is examined in isolation. As they simultaneously influence an enterprise, however, they can turn out to be contradictory and inconsistent. Attention was called to this by the members of the group, for the most part practical people, directors of large enterprises. The participants in the discussion also spoke about problems whose resolution has to be faced every day: the need for economizing on raw and other materials, fuels, and energy, supply difficulties, and the issues of employment, organization, and labor discipline. All of this was examined in the context of adopting further modifications to the economic system, and which modifications would include enterprises to proceed in accordance with the aims of the economic reform. The extremely essential thing is for the economic reform to affect all those employed in the economy, in every job.

"We have to observe how the reform proceeds, where setbacks in its implementation occur, and why they happen. We have to eliminate what has not been

verified in practice, and disseminate what is good," said Wladyslaw Wawak, the director of the Plock petrochemical enterprise.

Lech Jaworski, the director of the Zremb Construction Machinery Works in Radom, called attention to the role and obligations of the director, and made a suggestion on determining his status and his formal-legal position as quickly as possible.

The participants in the discussion agreed that the group's areas of interest should include the problems of planning in terms of costs, prices, the materials and supply economy, and the incentive system, ending with the problem of the mutual relations among enterprises. There were differences in emphasis on the importance of individual problems.

Erwin Wiezik, the director of the Cora Clothing Industry Works, called attention to three goals, which in his opinion are the most important in the present situation. He included in these an answer to the question of what should be modified in the system so that it would work better to lower costs, increase production, and intensify exports. It is necessary to formulate concrete suggestions on these questions as quickly as possible, since they are crucial for the country's economic situation.

Summarizing the meeting, Zdzislaw Malicki proposed that the group take up the problems discussed in the following order: the problem of costs, the rationalization of employment, the status of the director, and export problems.

9909
CSO: 2600/637

REJECTION OF COMMAND-DIRECTIVE MODEL TERMED CRITICAL TO REFORM

Warsaw ZYCIE GOSPODARCZE in Polish No 12, 20 Mar 83 p 16

[Article by S.C.: "Is the Third Time Lucky?"]

[Text] Wise men say that history is a teacher of life. Therefore it is worth turning to it, particularly when it provides experience able to be used in concrete action. This is exactly the case with our economic reform. Since 1956 we have been making attempts to change (earlier the term "improve" was used by preference) the system of economic operations every couple of years. However, all of the previous attempts ended unsuccessfully and the orders-distribution system has returned like a boomerang with certain insignificant modifications. Therefore it is worth reflecting on why this form of conomic direction exhibits such resistance to reform activity. The reason for it is found in the article by Stefan Jedrychowski under the characteristic title of the "Path of Trial and Error," in the February issue of NOWE DROGI.

The author has participated in this complex process since the Economic Council was formed in 1957. As a chairman of the Planning Commission under the Council of Ministers for many years, and also as a member of the party leadership, he had an indisputable effect on this process. Therefore it is worthwhile to become familiar with his publication, because there are not many economists who know the inside battles about changes in the planning and management system as well as he does, nor on the basis of their own experience. Obviously this does not mean that there must or can be agreement with all of the viewpoints contained in the article.

The first question, one to which a complete response today would have great practical significance, is the reasons for not putting the ideas of the Economic Council of May 1957 into force. Maybe someone can answer this: they were not put into force, so obviously they were bad, and did not conform to the situation of the times. However, it would be difficult

to agree with such a statement, first, because the majority of the ideas retained their timely importance up to the present time and, second, because the Hungarian reform was based on them, thus verifying them quite well in practice.

Stefan Jedrychowski lays the blame for the rejection of the conclusions of the Economic Council on the first secretary of the PZPR Central Committee of that time, Wladyslaw Gomulka. Although I am not in a position to evaluate the effect of Gomulka on the fate of the Economic Council, because I do not have enough information on the subject, I think that this is an extremely simplified answer. It seems to me that the fate of the reform of that time was prejudged from the time of the practical elimination of the role of the workers' councils and the creation of the KSR [Workers' Self-Government Conference]. At this moment the changes lost a great political ally, and their fate was placed in the hands of a system, deeply bureaucratized on many levels, which was not interested in these changes. On the contrary, it was often decidedly undesired by them, sometimes from ideological considerations, but often because it limited the area of their management, and many people would have to be removed from the system of management.

This evaluation is worth reflecting on. Today, although the political situation is diametrically different, and the political will to enact reforms is incomparably stronger, there is no lack of people among the government system who consider it necessary to return to the orders-type methods of management and to trust in the omnipotence of the administration. The workers' self-government groups can be a counterbalance to these opinions if they are really self-governing. This is another of the reasons why I think that we do not have a chance of a "managerial" reform, but only of one based on the independence of the workforces.

The author has devoted a great deal of attention to reform attempts made in the 1960's, although in my opinion they were doomed to failure from the start. Attempts to reconcile fire with water usually do not produce results. In this area I myself have suffered the delusion that it is possible to mount effective mechanisms in an orders-distribution system, but practice has demonstrated that this is wasted effort. A classical example here would be the well-known "matter of incentives." This principle was primarily rejected by the interested parties themselves, by the work forces of the enterprises, because the enterprises tried to make them responsible for the lack of progress in the field of effectiveness, while at the same time keeping all of the basic decisions on this question in the hands of the center.

A second important cause for changes (after the Economic Council ideas) was the WOG [Large Economic Organizations] system. The author carefully stresses that the essential responsibility for its failure is borne by the Planning Commission of the time, which put the entire application process into the hands of a narrow group of scholars from the Planning Institute. Even with the best of intentions they could not cope with it, and this consequently led rapidly to a surplus of financial reserves

in many organizations and put strong arguments into the hands of the opponents. It is also worthwhile to draw conclusions from this fact today. However, the WOG system finally fell, because management at that time did not want to accept any limitations of its prerogatives, and did not want to give up direct management of the economic units.

Thus, as we can see, the history of changes in the operating system of our economy has not lacked trials and has not lacked errors. The trial and error method is effective, that is, it leads to the goal, when the proper conclusions are drawn from errors. Both have occurred at the present time, and both have confirmed the old saying, the third time is lucky.

6806
CSO: 2600/677

REVISION OF CAPITAL INVESTMENT PLAN URGED

Warsaw PRZEGLAD TECHNICZNY in Polish No 5, 30 Jan 83 pp 10-11

[Article by editorial staff "Development? Yes, but What Kind of Development?"

> [Text] If we disregard all political sources and conditions of the Polish economic crisis, we can say that it is mainly a structural crisis. In other words, our economic problems have grown on the soil of the archaic industrial structure. The return to the 1979 production level is impossible without radical and broad changes in the structure of the Polish economy, especially since the umbilical cord of foreign credits has been cut off. Even if the impossible did happen, it would be a repeat of the crisis. We are quoting these truisms as an introduction to a series of publications: "Development? Yes, but What Kind of Development?" Since up to now the urgent need of structural changes in the economy was diluted in the stream of difficulties and temporary solutions. Texts printed in this issue constitute a forecast. They show that Polish economy has no chance of shaking the crisis shock without structural changes. We encourage all interested to participate in disputes, continue the outlined topics, and present orirnal ideas showing ways to come out of the structural abyss.

[Article by Zdzislaw Malicki] Let us not Create new Fictions

Introduction by Editorial Staff

Among presentations given during the budget debate in Sejm commissions, special attention should be given to that of Mgr Eng Zdzislaw Malicki, director of Stalowa Wola Steel Mill and deputy to the Sejm. Malicki shows why it is necessary to make changes in the structure of production, technology, and organization. He also demands full utilization of free production capacity, and speaks against the use of ineffective investments. Investment plans based on false premises that are not verified on time may result in the situation that will be in 1990 even worse than the present situation. This voice of caution should be carefully examined. [End of introduction]

The ministry of metallurgy and machinery industry proposed to include in the national socioeconomic plan a greater production increase than the increase planned by the Council of Ministers' Planning Commission. This concerns both rolled products and machinery industry production. The 11-percent production increase proposed by the ministry seems to be an optimistic phenomenon. This evaluation of the production capacity is in accord with results of the evaluation conducted by deputies. However, this does not mean that such approach to the production is a good idea. First, it is important to determine which production should be increased and what is the objective of the proposed increase.

The ministry proposes that the export of metallurgical products to socialist countries be higher than that proposed by the Planning Commission. On the other hand, the export to the second payments area countries, proposed by the ministry, is lower than that proposed by the commission. Thus, the direction taken by the ministry is opposite to the direction taken by the central plan. Within the framework of deliveries to domestic market the ministry would like to give more metallurgical products than proposed by the central plan and relatively more machinery industry products than palnned by the Planning Commission. I believe that the leading tendency should be that of increasing machinery industry production.

Of course, it could be said that these are just forecasts and that the ministry's proposals should be treated as an internal matter, not binding for industrial plants. However, the ministry has control of important instruments of influencing enterprises, such as distribution of foreign exchange funds for central import and distribution of metallurgical products.

This means that the ministry will act according to its own idea of the plan. It will attempt to implement the adopted priorities. Our international economic talks show that the ministry consistently attempts to increase export of metallurgical products to socialist countries, contrary to principles of the central plan.

We should remember that Poland continues to incur debts in both capitalist and socialist countries. We have lived on credits for the past 10 years, and it still is not clear when we will start paying off our debts. Credits from socialist countries are low interest, but we cannot count on such "gifts" to continue in eternity. The strategic plan covering the period up to 1990 assumes that there will be no increase in export of both copper and ocal. The export of coal will continue at the present level. In practical terms, this means that the burden of payments will fall on the machinery industry, and more exactly, on the processing industry. How is this strategic objective going to be achieved by the ministry's machinery industry?

The ministry plans for the next year's export of the machinery industry products at a lower level than the Planning Commission. This concerns both the first and the second payments area countries. This is taking place during the time when the machinery industry is operating at only 65 percent of its capacity, according to the ministry. What will be done in order to shift the processing industry to proexport production? According to the Planning Commission's materials, exports should grow 1.9 percent

annually, with 1 percent increase in industrial production. The growth rate should be much higher for the machinery industry. However, in 1983 the machinery industry production is to increase 8.6 percent and export 10.5 percent. In 1984 the production will increase 8.3 percent and export 8.2 percent. In 1985 the increase will be 8.7 percent and 7.1 percent, respectively. This means that in the following years the 1 percent production increase will be matched by the export increase of 1.22 percent in 1983, 0.98 percent in 1984, and 0.81 pefcent in 1985. Thus, we observe the opposite tendency to that of the central plan's. This means that the shift of the machinery industry needed to implement export needs is not planned.

Despite the 1980 government decisions concerning the shift of the economy to serve the needs of the proexport production, only the Planning Commission prepared appropriate material before September 1982. However, this material has only supplementary character. Ministries were supposed to determine which branches should be developed so that they can produce for exports and compile lists of products that should be manufactured for export. The lists still have not been compiled.

Guidelines for the period of the next 7 years are currently being prepared. If this is done superficially, without giving attention to details, the situation may be worse in 1990 than it is now. The industrial structure has to be changed in order to ensure specific results, such as profitable production output, certainty of long-range sales, a significant increase in labor productivity, and decreased energy-and materials-intensiveness. It is necessary to have far-reaching and principal changes in the structure of production, technology, and organization in the framework of international work distribution. But the least has been done in this very area.

I believe that the following steps should be taken:

1. Ministries should come to an understanding with MHZ [Ministry of Foreign Trade] and foreign trade centers and compile a list of products that have such characteristics as high profitability, modern construction, and high quality. Socialist countries will find these products attractive, and there is a good chance that they will be exported to capitalist countries as well.

2. The ultimate production output should be determined, taking under consideration full implementation of needs of socialist countries and domestic market and a forecast of sales to both capitalist and the Third World countries.

3. In order to decrease investment outlays as much as possible, it is necessary to utilize all free production capacity. It should not matter in which ministry or branch it is currently available. This includes the production capacity which is currently utilized for production of obsolete and energy-and-materials-intensive products. This approach is linked to the necessity of curtailing production of some goods altogether. Shortages resulting from this approach should be filled through imports from socialist countries. Those countries are willing to help us. They are willing to switch to

specialization, which would help us shift the entire economy. The greater the resources, the easier the process would be. The current situation is favorable from this point of view.

We cannot plan continued export based only on surpluses, because such opportunities will soon end. It is necessary to adjust to the needs of international specialization. This is linked to the need for serial production and greater competitiveness of products.

Such far-reaching changes in production structure will meet with resistance from many groups. Work forces will resist changes because it will be necessary to change the character of production andprofessional qualifications. Plant mangement and associations will also object to changes, because they will lose the right to implement their own programs. It is possible to plan and implement such a broad operation, covering the whole country, at the ministry level. An important role will be played by the economic central authority. It will not be possible to achieve the export increase planned for 1990 if we do not start implementing the changes immediately.

We all know that export is very important, but no such actions, as investments serving the export production development are proposed, besides those mentioned above.

The ministry's share in the investment pool is too small. The pool division resulted in losses to industry, especially the machinery industry and metallurgy. It seems that we went too far in area of priorities and the amount of resources earmarked for implementing objectives outside of production and industry. Some of those resources will not even be used. Either they will not always be used for implementing the most important objectives, or they will be spent haphazardly.

We have a serious economic crisis. Over a trillion zlotys are frozen in investments. In this situation most of the small amount of resources available to us for investments should be put into the most effective actions.

In the past many mistakes were made concerning the investment policy. We feel the effects of those mistakes today. Investments were planned considering only particular interests, topics, branches, and voivodships. Plans were made depending on particular persons. Proposals were adopted without considering competing proposals. Often decisions were made simply depending on the order in which proposals were submitted. Proposals that were entered into the plan earlier had a better chance of being implemented. Proposals that had low effectiveness were often submitted. Needs of many ministries and attractive proposals were often ignored.

I believe that everybody should be encouraged to submit an investment proposals. Only when that happens will there be competition and it will be possible to choose the most effective and attractive proposals. This still is not done, however.

Ineffective decisions continue to be supported, even though we are at the bottom of the crisis. The 3-year plan earmarks 472 billion zlotys for investments that, when implemented, will bring 264 billion zlotys. I am aware that we have to consider the crisis and small resources and make brutal choices, but why are we choosing the least effective investments? It seems that investment outlays were not verified and opportunities for utilizing the existing production capacity were not examined. Central investments should encourage enterprises to offering their production capacity and earmarking their own resources from the development fund for investments. The state should create incentives and favorable conditions for enterprises which do that.

In the situation when 35 percent (over 700 billion zlotys) of the production capacity is not utilized, the acceptable cost-effectiveness could be, e.g., 3 zlotys from each zloty of the outlays. But investments are proposed that have low cost-effectiveness. Resources are not concentrated on long-range objectives that would bring about the needed restructuring of industry. The investment plan should be prepared again, because it is based on wrong criteria. Let us not create new fictions. The proposed investments show again excessive share of construction-assembly works and purchases from capitalist countries. After all we have many wonderful experts and much machinery purchased abroad. We can consider producing more at home.

In order for industry to acquire proexport character decisive actions must be taken by the ministry in conjunction with otherministries, and especially the Ministry of Finance. Tax deductions and appropriation of development fund resources for objectives other than investments are planned for 1983. If this is put into effect, the resources will be spread too thin and enterprises will stagnate. Deductions cannot be earmarked only for social objectives and objectives other than production, as it is currently done. We will not come out of the crisis this way. Unquestionably, coming out of the crisis depends on the increased growth rate in industry.

9959
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GOVERNMENT REPORT ON 1983 EMPLOYMENT POLICY PUBLISHED

Warsaw RADA NARODOWA GOSPODARKA ADMINISTRACJA in Polish No 5, 7 Mar 83 pp 28-32

[Report prepared by a task force from the Employment Department in the Ministry of Labor, Wages and Social Affairs under the direction of department director, Ireneusz Sekula: "Employment in 1983: Forecast--Determining Factors--Direction of Action"; passages enclosed in slantlines printed in boldface in the original source]

> [Text] /Employment is not an autonomous concept. It is rather a function of the economy and a highly important factor in social policy. Employment policy must be based on the realities of the country's socio-economic situation as forecast for 1983. Hence also, when forecasting employment in 1983, it should be primarily considered whether the currently introduced revisions of economic mechanisms are sufficiently effective to induce enterprises to streamline employment. For this is the factor decisively affecting the shape of the labor market and all measures to shift directions of employment, relocate workers, etc.

New Control Factors

A major new element in the revised system of enterprise management is the replacement of taxes on the increase in average wages with taxes on the increase in overall outlays on wages. This is a highly important change which is of great significance to the employment problem, because the taxes or rather deductions that had served as the principal source of income for the Vocational Activization Fund [FAZ] have thus ceased to be a factor curtailing the possibilities for the streamlining of employment, such as they had undoubtedly been in 1982.

However, there were also other factors curtailing or at least not promoting the possibilities for streamlining employment in 1982. The principal factors of this kind were:

--/the decline in real work hours, which was greater than might ensue from the decline in employment--the introduction of free Saturdays was not offset by an increase in labor productivity, and hence it had to be offset by an increase in employment/;

—/the considerable uncertainty at many enterprises as regards supply and co-production possibilities;/

—the growth of the labor-intensiveness of production owing to the need to apply alternate technologies;/

—the considerable lack of smoothness in operations—the periodic curtailment or stoppage of production without corresponding changes in the size of the work force;/

—the low share of labor costs in the total production cost—which counteracts manpower-saving measures./

All these determining factors still remain in force and there is no indication that they would cease to exist in 1983; for this reason, they have to be also considered in the employment forecast for 1983.

Taxing the increase in the remuneration fund rather than the increase in average wages makes it possible to streamline employment, because limiting the size of employment to the actually needed figures makes it possible to utilize the thus saved wage funds in order to increase the wages of the remaining plant employees who, owing to the reduction of the work force, perform increased targets. But it is not known whether enterprise management will adopt this solution, whether the newly formed trade unions will agree to it, and whether this will be a worthwhile measure to enterprises considering the low share of labor cost in their total production cost. Last year's experience indicates that mesures of this kind have not—so far—been popular.

A matter of major importance to the employment problem, though not directly related to it, is preventing state enterprises from gaining excessive and unjustified profits. The easy accumulation of considerable profits, chiefly by means of drastic jacking up of prices, causes enterprise self-financing to cease being an objective limiting factor inducing enterprises to operate efficiently. High profits gained in a socially unjustified manner cause the taxes on either the increase in average wages or the increase in the wage fund to be no longer a significant burden to the enteprises and thus to cease operating as an economic instrument.

/On the basis of the forecast of economic development for the next few years, as presented in the draft of the 3-year plan by the Planning Commission under the Council of Ministers, the following three variants of the evolution of the employment situation may be formulated:

1. THE STAGNATION VARIANT—characterized by absence of production growth, a low labor productivity, technical and technological regression, insufficient supplies of raw and other materials, declining investment outlays and a low export capability. This variant is also characterized by high employment levels that often are higher than needed and a considerable demand for relatively unskilled workers coupled with difficulties in manning scarce occupations. No major perturbations of the labor market are likely, and no considerable commitment of the FAZ is likely either.

2. THE REVIVAL VARIANT—characterized by improved supplies of raw and other materials, both domestic and those imported from the socialist countries. A consistent application of the self-financing principle will result in the shutdown

of certain unprofitable enterprises and manpower cuts in others. This will also result in manpower surpluses on the labor market and thus provide a chance for altering the structure of employment, manning a large part of scarce occupations and strengthening work discipline. Stabilizing the labor market will require a considerable commitment of FAZ funds, chiefly with the object of retraining workers and organizing intermediate work stations. There will be a temporary increase in the benefits paid. After a new system for the employment of school graduates, encouraging them to work where they are needed, there will not be any major problems with their employment.

3. THE DEVELOPMENT VARIANT—characterized by growing effectiveness of management and increase in labor productivity, export capabilities and investments. Supplies—from the second payments area ["capitalist" countries] as well—will improve. This variant will also be characterized by an increase in manpower demand—chiefly in the demand for skilled and productive workers. Employment shifts in favor of the prospering subsectors will take place.

Demand will exceed supply on the labor market, but enterprises will explore ways of increasing production chiefly through technological and organizational progress rather than through an increase in employment. This will serve to staff more adequately repair services, public services, transport, etc. In view of the diminishing manpower resources, the development variant will require limiting employment abroad to its most advantageous forms. FAZ commitment will be substantial (although smaller than for the revival variant), with the funds to be chiefly spent on the retraining and relocation of workers.

Anticipated Changes in Employment Structure and on the Labor Market

The forecast of the size and structure of employment in 1983 is based on the assumption that during this period the situation will hover at the boundary line between the stagnation and revival variants. On this premise, total employment in the socialized economy is expected to decline by 80,000. This decline will occur in industry and construction (with the exception of fuel-energy, chemical and light industries) and will be accompanied by an increase in employment in public health, social services, transport and communications, education and upbringing, forestry and timber industry and the communal economy.

/For the national economy as a whole, employment is expected to decrease by 20,000, and this will be accompanied by a change in the employment structure, consisting in a decrease in employment (by 80,000) in the socialized economy and an increase—by 40,000—in the artisan trades, handicraft-contract and agency-

commission work, and private services, along with an increase of 20,000 in private agriculture./

It can be expected that:

—/the situation on the labor market, which reflects the changes occurring in employment, will—though markedly different from 1982—continue to be that of a surplus of jobs and shortage of jobseekers; certain worker categories, particularly skilled workers, will be in urgent demand at work establishments./

The experience of last year—the first year of the application of the economic reform—clearly shows that work establishments must explore more effectively their own resources in order to meet their cadre needs, instead of relying solely on

the expected influx of candidates from outside. Work establishments must accept as the objective reality the shortage of certain types of manpower and undertake appropriate reorganization, intra-plant relocations, retraining of part of the work force, etc. Then the seeming manpower shortage will cease being a convenient argument whereby enterprises justify their inactivity as regards streamlining the organization of labor, mechanizing simple and highly labor-intensive operations, properly utilizing the nominal work time, etc. Thus, the manpower-shortage barrier will become a factor inducing enterprises to streamline somewhat their employment structure.

The measures being taken by enterprises as well as the systematic refinement of economic mechanisms and curtailment of the scope and influence of factors adverse to the streamlining of employment may provide during the second half of the yearthe means of accumlating manpower resources in the subsectors of the national economy experiencing the greatest cadre shortages.

—/Thus, the second half of the year may bbe a period when there will be more jobs than jobseekers on certain labor markets./ This situation will prevail chiefly in the following provinces: Konin, Plock, Ciechanow, Suwalki, Bialystok, Wloclawek, Ostroleka, Siedlce and Lomza. There will be a surplus of jobs, on the other hand, in the following provinces: Warsaw City, Bielsk, Gdansk, Wroclaw, Katowice and Krakow City.

—/The systematically ongoing processes of the streamlining of employment and hence also of the relieving of certain reserves and surpluses of manpower will complicate the employment of school graduates./

It is expected that in 1983 about 366,000 graduates of supraelementary (exclusive of higher) schools will look for jobs, of whom: 220,000 graduates of basic and secondary vocational schools; 111,000 graduates of technikums and equivalent schools; and 35,000 graduates of academic secondary schools.

The anticipated number of job-seeking graduates in 1983 will be 10.6 percent higher than that recorded in the previous year.

According to preliminary estimates prepared by the employment and social service departments of province offices, the employment demand for school graduates reported by socialized labor establishments will be about 348,000, of whom 232,000 will be graduates of basic vocational schools, 98,000 technicums and equivalent schools and 18,000 graduates of academic secondary schools.

The currently forecast balance sheet of the supply of and demand for school graduates points to a shortage of about 18,000 jobs, with a surplus of 12,000 job offers for graduates of basic vocational schools and deficits of 13,000 jobs for graduates of technicums and about 17,000 jobs for graduates of academic secondary schools. This means that the employment service must take additional steps to secure jobs for school graduates. The experience gained during a drive of this kind which had produced results in 1982 indicates that the economy can "absorb" all the school graduates despite the structural and geographical disproportions that have been existing for years.

—/In 1983 occupational mobility will increase, as reflected in a continuing increase in the number of persons directed to jobs, which is estimated at about 2 million for the year as a whole./

The number of registered jobseekers will reach a much higher level than at present—more than 20,000 persons monthly during the year as a whole.

Vocational Guidance and Counseling

When broadly conceived, vocational information should comprise both the jobseeking period of the applicant and his entire vocational prehistory--the period of preparation for a trade and work with allowance for ongoing advancement of skills and provision of work suitable to both the needs of the applicant and the trends on the labor market.

The ministry of labor, wages and social affairs has, pursuant to the provisions of Decree No 114 of 1974 of the Council of Ministers, assumed the role of the coordinator of activities relating to vocational guidance and counseling at all institutions influencing the development of these activities. In 1983 the coordination of interministerial activities relating to the development of vocational information will have to be improved.

By 1983 19 vocational guidance and counseling offices were estblished at the departments of employment and social services of the province offices [UW] in: Bialystok, Bielsk-Biala, Elblag, Gdansk, Katowice, Tarnow, Kielce, Krakow, Lomza, Lodz, Nowy Sacz, Opole, Poznan, Rzeszow, Siedlce, Warsaw, Wroclaw, Zielona Gora and Jelenia Gora.

In January 1983 additional such offices were established at the province departments of employment and social services in Szczecin and Lublin, and more are slated for Gorzow Wielkopolski, Pila, Kalisz, Olsztyn, Piotrkow Trybunalski, Tarnobrzeg and Krosno, in addition to a branch of the Opole office in Kedzierzyn-Koziel.

By 1985 vocational guidance and counseling offices should be established in all other provinces as well as in certain cities in which employment in the socialized economy exceeds 25,000.

The Plant Activization Fund

The scope of application of the monies from the Plant Activization Fund will vary depending on the situation of the labor market. Generally, however, these expenditures are expected to be higher than in 1982, in view of the additional projects scheduled. It is expected that the Minister of Labor, Wages and Social Affairs will be authorized by the Council of Ministers to finance the following items in 1983:

--emoluments, compensation and fringe benefits for young workers hired on the basis of labor contracts for the purpose of occupational training or admitted to learn a trade on the basis of contracts between vocational schools and work establishments;

--adaptation of the qualifications of workers to new needs of the labor establishments in which the structure of employment and production will have to be changed;

--compensatory allowances (to be paid for 6 months) to employees who, owing to changes in the structure of employment and production, are transferred from non-worker to worker positions;

--vocational training for males conscripted for basic military service, if they are trained in occupations that are in demand;

--partial cost of Volunteer Labor Brigades [OHP].

The 1983 income of the Plant Activization Fund is expected to be 50 billion zlotys. Total expenditures from this fund, inclusive of its new tasks, will be about 15 billion zlotys, with 30 billion zlotys going to the state budget and 5 billion representing the reserve for the next year.

Relocation

In 1982 the number of persons discharged from work pursuant to the Decree No 169 of the Council of Ministers concerning extra allowances for employees of socialized labor establishments who change jobs was about 55,000. Of these, 79 percent found employment in other units of the socialized economy. Six-month severance pay was collected by about 11,500 persons or barely 21 percent of those discharged.

A major category of the employees collecting severance pay were those declaring the wish to become self-employed—about 9,000 persons i.e. 16.5 percent of those dischargedd. It is worth noting, however, that in reality many of these persons did not become active in the private sector and, after 6 months, returned to work in the socialized sector owing to such major obstacles as the procurement of premises, machinery, means of transportation and raw and other materials for production.

Lack of work was the reason for granting severance pay to a small group of barely 2,300 persons or 4.4 percent. Even smaller was the number of persons who, on transfer to another work establishment, collect compensation allowances refunded to the establishment by the FAZ—about 1,400 persons (2.5 percent). This is due to the large number of job vacancies on the labor market in 1982. Lack of work occurred sporadically and was due to structural factors.

As much as 55 percent of all relocations (about 29,000 persons) occurred in just six provinces: Warsaw City, Lodz City, Katowice, Gdansk, Wroclaw and Kielce. These are the provinces in which the number of associations and equivalent organizations was the greatest. In the other provinces the scope of relocations was much smaller, averaging about 1,000 persons per province.

It should be considered that Resolution No 169 of the Council of Ministers restricts eligibility for the concerned pay allowances to persons whose employment has to be terminated owing to the shutdown of a plant or elimination of a workstation, or owing to the reduction in personnel within the occupational category concerned. On the other hand, many employees, especially farmers-workers who could instead work their own farms, continue to work in plants because they are not eligible for these benefits.

The next step to improve the structure of employment is the drafting and introduction of provisions governing the response of work establishments to manpower shortages, whose effects will become apparent in 1983.

The year 1982 was a period for testing the effectiveness of Resolution No 169 of the Council of Ministers concerning compensatory allowances for employees of

socialized labor establishments who change jobs (MONITOR POLSKI No 21, Item 195). To be sure, this decree has resulted in a conflict-free relocation of workers, but its concept is not free of certain shortcomings.

To meet the needs reported to the Ministry of Labor, Wages and Social Affairs by both employees and labor establishments, a revised text of that decree was transmitted in January 1983 to the Office of the Council of Ministers for submission to the Council of Ministers. The revisions provide for:

--limiting severance pay to employees who, upon discharge owing to the shutdown of the labor establishment, elimination of the workstation concerned or reduction of planned employment in the occupational category concerned, intend to become privately employed in agriculture, artisan trades or consumer services instead of taking a job elsewhere in the socialized sector. The severance pay will be disbursed not by labor establishments but by departments of employment and social services from FAZ monies, if such departments verify that the applicant's new occupational activity is justified;

--introducing the principle that the compensation allowances paid by work establishments be refunded to them by the FAZ. This is highly important, because--in view of the self-financing of enterprises--work establishments are reluctant to pay these allowances, which results in a great deal of unnecessary litigation;

--granting tax relief and loans to employees who transfer to the private sector in agriculture if their discharge from employment is based on an agreement between parties or on a notice of discharge from the work establishment for reasons other than those specified in the Decree, that is, the shutdown of the plant, the elimination of the work station or the reduction in labor force within the occupational categories concerned;

--extending until 1983 tax relief for persons working in artisan trades, consumer services and commerce who employ the discharged individuals affected by the aforesaid Decree, as well as for those affected individuals who become privately self-employed;

--in view of the shortage of motor vehicles--revoking the regulations facilitating the purchase of motor vehicles for performance of road transport services by persons who--following their discharge from employment pursuant to the procedure and principles defined in the aforesaid Decree--become gainfully employed in transport.

/Pursuant to the Decree No 260 of 16 December 1982 of the Concil of Ministers Concerning the Further Development of the OHP, the year 1983 will be the first year of their operation in reorganized form and under new financing principles./ The OHP have been transformed into a state organization under the jurisdiction of the Ministry of National Defense [MON] and the Ministry of Labor, Wages and Social Affairs [MPPiSS], operating on the principle of full financial autonomy in relation to labor establishments. This measure will be financed by the newly established OHP Fund administered by the Minister of PPiSS. As a result, labor establishments have been relieved of much of the financial burden associated with the employment of members of the Volunteer Labor Brigades. Under this new system the ministry will strive to utilize OHP fully as a form of organized employment with a considerable potential for the relocation of large groups of young people to the plants with acute manpower shortages. Additional possibilities in this respect wil be provided by utilizing the civilian defense units in the OHP, which

also will be organized on new principles promoting increased interest of labor establishments in that organization.

The Decree of 26 October 1982 Concerning the Treatment of Persons Who Shirk Work affords a chance for creating a manpower reserve that could be utilized not only to combat natural disasters but also (on voluntary principles) in regular jobs, particularly at plants with manpower shortages. The true size of that reserve will become apparent following the first quarter of this year, i.e. after the records on work shirkers are ready.

It is also expected that closer contacts will be established with the Central Board of Penal Establishments in order to further expand the employment of prisoners.

Complementation of Work Forces for New Plants

Preliminary figures prepared by the ministries show that during 1983 work forces for 80 central investment projects and other projects employing more than 200 persons each will be complemented. Total employment in these projects is planned to reach 23,500 persons in 1983 and 47,000 persons in the subsequent years.

The greatest employment needs in new facilities will occur for the ministries of /mining and energy/--8,500 workers at 20 facilities; /metallurgy and machinery industry/--6,000 workers at 18 facilities; and /chemical and light industries/--3,500 workers at 15 facilities.

Territorially considered, the following provinces will be the sites of a marked increase in employment at the investment projects being implemented:

Katowice	5,500	workers
Legnica	1,200	"
Opole	1,200	"
Piotrkow	3,500	"
Szczecin	1,100	"
Zielona Gora	1,200	"

In addition to the above projects, it is expected that decisions will be taken on commencing additional investments indispensable to the functioning of the national economy as well as on resuming the implementation of some of the suspended investments.

In view of the country's current economic situation, it can be estimated that about 100 investment projects employing more than 200 persons each will be implemented in 1983.

An on-schedule complementation of work forces for these projects will primarily require:

--procuring a maximum number of employees from own sources, i.e. through transfers of employees from the ministry's other labor establishments (by reducing their work forces);

--employing the graduates of plant-operated schools as well as persons recruited from among the construction and installation crews building the investment projects concerned;

--organizing the vocational training of the transferred workers so as to adapt them to an efficient operation of the machinery and equipment installed in the new plants;

--facilitating the relocation of employees with families (provision of housing or vacancies for families in worker hostels and private dwellings).

Employment of Higher-School Graduates

In 1983 about 46,000 higher-school graduates will appear on the job market.

Preliminary analyses indicate that demand for graduates /majoring in education/ will remain high, much higher than their expected number. In the overall balance sheet of the employment of higher-school graduates the size of the demand for teachers markedly exceeds the supply.

Considerable demand for graduates of /medical academies/ will continue, particularly as regards graduates of departments of general medicine and stomatology in view of the existing local needs.

No major problems are expected as regards the employment of the graduates of /academies of economics/. There will be considerable demand for graduates trained for work in business administration (e.g. finance departments), but the number of job vacancies for economists trained in other directions (e.g. organization and management, commodity science) will decrease. Difficulties in finding work consonant with their majors will be encountered chiefly by the graduated economics majors from universities, higher schools of education and engineering and agricultural academies.

Graduates of /higher schools of engineering/ majoring in most fields of study (e.g. architecture, construction, environmental engineering) may be in oversupply. In view of the fact that our economy is considerably saturated with engineers, the demand for engineering graduates will not grow, the more so considering that the economic reform precludes directive-type measures. Assuming,however, that under the new system for the employment of graduates, complementary employment of engineers and technicians will be possible, growth in the demand for trained engineers can be expected.

Difficulties in finding jobs will be encountered by graduates of agricultural academies trained for the needs of socialized agriculture, while job vacancies will be reported by the agricultural service and other agricultural organizations located in small localities and in the countryside.

There may be job shortages as regards university graduates majoring in non-teching fields, particularly law, administration, non-Polish philology and the exact sciences. This is due to further reductions in employment in state administration as well as to the still insufficient interest of enterprises in conducting their own R&D and analytic work and streamlining their organization of labor.

The above estimates of the supply and demand for higher-school graduates warrant expecting that /the introduction of the new system for the employment of these graduates will result in:/

—reduced pressure by job-demanding graduates on employment offices (and [military] commissioners], since some graduates will become self-employed, others will not work at all owing to material and family conditions, and many others still will decide to take jobs in private artisan trades and consumer services;

—the number of graduates who start work on private farms will double (rising to at least 1,000).

/More energetic action to provide higher-school graduates with jobs outside academe is also expected./ The related measures will be as follows:

—preparation of a list of localities(plants) short of personnel with higher educational background, thus authorizing higher-school graduates to benefit from various rebates, services and privileges;

—organizational steps to enable graduates to purchase building materials and elements for building their own homes;

—the introduction of a new funded stipend system;

—the introduction of a system for competitive job applications;

—directing the employment offices to utilize, as the need arises, FAZ funds for the purpose of creating additional jobs for graduates;

—developing, as the need arises, student work cooperatives in order to provide graduates with substitute work positions.

After the first quarter of 1983 and following analysis of the labor-market trends affecting higher-school graduates, a program for employing the 1983 graduates will be drafted upon spelling out in more detail the above measures.

Retraining

In 1982 broad opportunities were created for the retraining of persons discharged from work in state and economic administration as well as from the associations, and also of enterprise personnel subject to planned relocations.

Possibilities for training in more than 500 occupations and skills named in the occupational and professional nomenclature as well as in unique and new occupations were created. This concerns production, technical, service and artisan occupations associated with the needs of individual subsectors and regions.

/However, retraining linked to the planned relocations handled through the mediation of departments of employment and social services had comprised in 1982 only about 1,400 persons, who were trained in such occupations as: tinsmith, roofer, seamstress, glass decorator, lathe operator, milling machine operator, fitter, forging-press operator, bookkeeper, stoker, typist, machine adjuster, stove fitter, bus-trolleybus driver, etc. In addition, persons transferring to private farming also were trained./

/In many provinces there was no need to retrain the relocating workers in view of the broad variety of job vacancies assuring employment in accordance with original or related occupation./

It is assumed that the existing training facilities of social organizations and educational institutions will be adequate for retraining workers this year as well. it is expected that in 1983 a further increase will occur in the number of persons assigned by departments of employment and social services to vocational courses for job applicants as well as of persons wishing to be retrained for work in the socialized economy and in agriculture, services and artisan trades. It is estimated that the persons receiving such retraining will total about 2,300.

However, the number of retrainees in discrete regions will hinge on the local job markets as well as on the cadre policies of individual plants. This number will undoubtedly also be affected by the changes in the system of the taxation of labor establishments for the benefit of the FAZ.

A continuing need to train additional personnel for the following employers is expected:

--labor establishments in all subsectors (bookkeepers, typists, warehousing and supply clerks, assistants for postal-service windows, stokers, etc.);

--production plants (fitters, lathe operators, welders, milling machine operators);

--construction and municipal services (masons, plasterers, carpenters, joiners, water supply and sewage system instllers, tinsmiths, roofers, paving-stone layers);

--service industries (tailors, laundresses, knitters).

The principal organizer of training in production occuptions will be, as in 1982, the Association of Vocational Training Establishments and its local branches. A major role in training persons for private farming will continue to be played by the departments of agriculture, food management and forestry at province offices through the organization of 3-month training courses enabling interested persons to acquire and operate farms.

Considerable importance is also attached to energizing the activities of labor establishments as regards on-the-spot training of their own personnel within the framework of planned relocations. The scope of these relocations will depend on the manpower needs ensuing from production targets, as well as on a rational manpower policy. To reduce the shortages of production personnel, it will be necessary to retrain in 1983 several thousand persons, including clerical personnel, in labor establishments.

Advanced Training

The Decree No 263 of 23 December 1982 of the Council of Ministers Concerning the Advanced Training of the Employees of Socialized Labor Establishments and the Benefits to Which They Are Entitled (MONITOR POLSKI No 1, Item 6, 1983) became effective as of 1 january 1983.

The new system attaches greater importance and role to work establishments in the conduct of a rational personnel policy, especially as regards the assignment of employees to schools and higher studies for employed persons as well as to non-school forms of advanced training. Likewise, labor establishments now play a greater role in determining the benefits and rebates for employees who advance

their qualifications whether or not on their own and defining their obligations toward the work establishment, defraying the training tuition, etc.

/It is expected that autonomous and self-financing enterprises will aasign their employees to supra-elementary schools and higher studies in a more rational manner. This will be due to a more thorough selection of candidates for retraining in accordance with the plant's needs. It is also to be expected that the number of persons from the sphere of public services assigned to supra-elementary schools and higher studies for employed persons will decrease. The principal reason for this is that the losses ensuing from the natural manpower movements and the planned increase in employment will normally be replaced by hiring graduates of daytime schools rather than evening schools./

In view of the continuing manpower shortages in certain basic occupations and occupational groups, it is expected that the enterprises will become more interested in retraining certain groups of employees with the object of adapting the skills of these employees to their needs. Such retraining will be closely linked to,e.g. the changing production profile, the introduction of new technology and the combined-skills training of workers in additional occupations and skills. Training courses and on-the-job training in shops are expected to be the principal forms of the advanced training and skills advancement of employees.

Enterprises are much less interested in assigning employees to other non-school forms of training, since these are less suitable to the direct production process.

On the other hand, in the sphere of public services the number of persons taking the non-school forms of advanced training is expected to increase, in connection with the growing role and importance of these services and the advancement of the qualifications of their employees.

Summing up, it is expected that in 1983 the scale of advanced training will hinge on the actual demand for highly skilled employees, including workers employed directly in production, with allowance for current and planned long-range needs. It will also depend on the financial possibilities of work establishments and the motivation of workers.

About 100,000 persons will be admitted to the freshman classes of supra-elementary schools for working people and to the freshman year of higher studies, while the number of participants in non-school forms of advanced training will range within 2.5-3 million.

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Given the conditions in 1983, employment policies shoulld be shaped with two kinds of instruments—those streamlining employment and those sheltering against the consequences of perturbations on the labor market.

A system for utilizing employment surpluses on the labor market has already been provided by the appropriate government decisions (Resolutions Nos 169/81 nd 18/82 of the Council of Ministers), and the legislated solutions are funded with monies from the FAZ and supported by the organizational structures of the employment service, the clearing service, etc. Only the indispensable revisions and emendations whose validity was confirmed in principle by the experience of 1982 will be introduced in this system. Following the implementation of the new decree on the employment of school graduates this domain of the employment policy can be regarded as generally adapted to even the far-reaching requirements of the reform.

In 1982 the Ministry of Labor, Wages and Social Affairs and the Government Information Center undertook joint work on the computerization of the labor market which will promote a rapid completion of thorough assessments and analyses of the situation on that market and hence also a rapid response to changes that occur. On the other hand, instruments streamlining employment in enterprises as yet are not operating or operate poorly. This situation is due to many factors, but it is worth noting that the incentives for such streamlining need to be ultimately strengthened.

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DEPUTY MINISTER DEFENDS NEW PRICE INCREASES

Warsaw ZYCIE PARTII in Polish No 5, 2 Mar 83 pp 16-17

[Article by Wojciech Prus, first vice minister for price affairs: "Why Are Prices Rising Again?"; passages enclosed in slantlines printed in boldface in the original source]

[Text] /The price reform conducted in the first months of 1982 accomplished its ends only partially. It resulted in basically improving the relations between prices and production costs. For while in 1981 unprofitable production was common, in 1982 the new prices assured (with certain exceptions) a profitable performance of enterprises, providing the conditions for introducing the self-financing principle./

To be sure, profitability of the production of staple foodstuffs could not be achieved, but the subsidies needed could be reduced. In 1981 subsidies for food production were about 390 billion zlotys (in year-end prices) or about 150 percent of the value of the sales of subsidized foodstuffs. In 1982 these subsidies amounted to about 200 billion zlotys or a little less than half of the value of the sales of subsidized foodstuffs.

Subsidies for certain means of agricultural production and services were deliberately retained in order to keep a lid on their price increases and hence also on the increases in the cost of agricultural production, which served to restrict as well the extent of the increases in the procurement prices of agricultural products.

Coal extraction could not be made profitable despite the relatively high increase in coal prices. Passenger and freight transport (Polish State Railroads [PKP] and State Motor Transport [PKS] as well as urban transit) continued to operate in the red, particularly as regards passenger transport, in which prices have not been changed for many years. Similarly, subsidies from the state budget for the communal and housing economy remain extremely high owing to the postponement of the reform of rents despite the steadily rising cost of the maintenance and repair of the housing stock.
The ratios of retail food prices to the procurement prices of agricultural products have improved. This provided more favorable conditions for the development of production on small farms which had abandoned it in the mid-1970s owing to such factors as low retail food prices in socialized trade.

The reform of retail prices has also resulted in an improved overall differentiation between effective monetary demand and the supply of goods and services, particularly in the first months following its introduction. This was reflected in some balancing of the market demand and the decline in procurement problems, especially as regards food and certain categories of non-food commodities. /But

it was not possible to improve the market equilibrium significantly/ because the steep price hikes were accompanied by steep declines in the supplies of market goods (17 percent in constant prices) along with a drastically low state of stockpiles in the trading apparatus.

In the second half of 1982 and especially in the last 3 months the ratios between the supply and demand of goods and services deteriorated dangerously owing to the rapid rise in consumer monetary income. Unfortunately, neither the production nor the supplies of market goods increased on a commensurate scale.

Price and Income Movements

Similarly not all the goals of the reform of producer prices conducted early in 1982 have been achieved. Prices of raw materials have climbed considerably, especially as regards fossil energy sources, as have prices of electrical and thermal energy. This has improved the ratios between the prices of raw materials and finished products and enhanced the benefits gained by enterprises using raw materials economically. But the divergence between the transaction prices of raw materials and their domestic sales prices has remained wide. This complicates cost effectiveness and, in particular, assessment of the profitability of exports.

The marked price increases in 1982 (when living costs had more than doubled) have sensitized the public even further toward any rising price movements and magnified the pressures for restricting them.

But restricting the growth rate of retail prices requires a simultaneous restriction of consumer monetary incomes. /The possibilities for improving consumer living standards in the near future are limited./ In practice, the 1983 plan assumes retention of real wages and supplies of market goods and services at the 1982 level, in constant prices. This means that /any nominal increase in consumer monetary income will essentially not be offset by an increase in the supplies of goods and services and must either entail a corresponding increase in prices or cause a further widening of the inflationary gap./ In view of this, plan-exceeding increases in wages and social services are particularly dangerous unless accompanied by a plan-exceeding rise in output and in the supply of market goods and services. For it will necessitate higher-than-planned price hikes and thus accelerate inflationary processes.

The following assumptions of the retail price policy for 1983 have been formulated with allowance for the determining factors discussed above:

--the scale of the average increase in retail prices will be restricted to 15-16 percent, /provided / however, that consumer monetary incomes are kept within the planned limits (which even now hardly seems realistic);

--in view of the special sensitivity of the public to increases of food prices, the prices of raw and processed meat, milk, dairy products, bread, grain products, fats and sugar will be kept at the present level. But this will be possible /only/ assuming that the procurement prices of the agricultural raw materials processed into these foodstuffs will not be increased. In the event they are, corresponding increases in retail prices will be needed so as to avert a repetition of the pernicious practice in the 1970s when procurement prices had been increased while keeping retail prices unchanged, which upset the ratio between the procurement and retail prices of food and led to a decline in agricultural production, particularly on smaller farms;

--upward movements of the prices of staple consumer goods will be restricted, while price increases for goods and services that are not indispensable to the average household, or whose excessive consumption is even harmful to health, will be allowed to run unchecked. Transport and housing fees, which have remained unchanged for many years, will be an exception, as will be the prices of fuel and energy, whose further revisions were forecast in January 1982 when introducing the reform of the retail prices of food, fuel and energy;

--in view of the need to restrict increases in retail prices during 1983, the indispensable changes of the producer prices of principal raw and other materials will be introduced in stages during the next few years.

Unavoidable Increases

As regards the increses in official prices assumed for 1983, the following may be distinguished: /transport and postal rates, rents, fuel and energy, alcoholic beverages, cigarettes and gasoline./

On 1 January 1983 the rates for passenger rail and PKS bus transport as well as postal fees have been raised. On 1 February urban rapid transit fees were similarly increased. The reason for all these increses is the same: transport and postal rates had not been revised for many years. In the meantime, especially recently, the operating expenses of transport enterprises and the postl service have incresed greatly, thus requiring greater subsidies from the state budget. In 1982 the state budget paid out 30 billion zlotys in subsidies for interurban motor coach transport; 50 billion zlotys, for rail transport; and about 40 billion zlotys, for urban transit. Having remained unchanged for many years, the transport and postal rates became glaringly low compared with other prices and fees and compared with consumer incomes.

The need to reform housing rents has long been obvious. It is indicated for several reasons, and chiefly considering that:

--there is no justification for further maintaining the marked gap between rents charged for state-controlled and cooperative housing;

--the present level of housing rents covers only an insignificant part of the cost of the maintenance and repair of residential buildings (about 18 percent); this results in a substantial burden on local budgets as well as on the labor establishments that maintain housing for their personnel;
--a considerable part of rental housing consists of privately owned buildings in which rents do not even cover operating cost, thus resulting in a rapid depreciation of buildings and hence also in an irretrievable loss of part of the housing stock.

In view of the need to restrict the rate of price increases /it is proposed to conduct the reform of housing rents in three stages; the first stage would be carried out in 1983/.

The prices of fuel and energy also were subject to increases at the beginning of February 1982. Following discussions and consultations during January 1982, the Committee of the Council of Ministers set these prices at a lower level than that specified in the proposals in the previously published brochure of the State

Price Commission. Namely, it reduced the prices of electrical energy to 1.80 from 2.20 zlotys per kwh; natural gas, to 2.70 from 4 zlotys per cu m; central heating, to 5.50 from 8 zlotys per sq m of dwelling area; warm water, to 2 from 3 zlotys per sq m of dwelling area.

As published in the press, the proposals of the Economic Committee of the Council of Ministers concerning compensation for the increases in retail prices of food, fuel and energy, state as follows: "These prices are fixed below cost and thus represent a deviation--for the sake of protecting the living standards of the population--from the general principle of price-formation. They would apply for at least a year and subsequently--in measure with the improving economic situation and growth of consumer incomes--they would be raised to a level assuring profitability of production."

It is worth noting here that the retail prices of coal fixed for 1982 also were unprofitable and that in 1983 they will be even more so in view of the rising cost of coal extraction and transport. In view of this, /it is proposed that this year another stage of increases in the prices of coal, electricity, gas, central heating and hot water be introduced./ Such increases could amount to 10-20 percent, which still will not be enough for profitable production and supply of fuel and energy.

To curtail the consumption of gas for heating purposes, restrictions on that consumption and high fees for consumption in excess of allotments are being proposed.

/The price increses for alcoholic beverages, cigarettes and gasoline are of a different nature./ Their main purpose is, on the one hand, to help improve the overall equilibrium between supply and demand and, on the other, to secure additional revenues for the state budget which, as known, will be a deficit budget in 1983 as well. To some extent, they also should serve to curtail (or restrict the increase in) the consumption of goods whose excessive consumption is harmful--this refers to spirituous beverages and cigarettes.

Despite the substantial increases in the prices of spirituous beverages during 1981-1982 (when these prices had tripled on the average), their supply still cannot be balanced with the demand.

/Raising the prices of spirituous beverages necessitates solving the problem of coffee,/ which is sold as substitute for vodka. Once these prices are raised, increased demand for coffee can be expected, but its supply is limited in view of the country's difficult payments situation. In view of this, higher prices for coffee also have been proposed.

The last time the prices of cigarettes were raised was in October 1981. Despite the steep (nearly 100 percent) price hike, the demand for cigarettes did not decline, which necessitated continuing their rationing. Since that last price increases nominal consumer incomes and the prices of other goods and services have risen markedly, which has caused cigarettes again to be relatively cheap. They also are relatively cheap compared with other countries. Thus for example, in the GDR, where real wages are much higher than in Poland, the average monthly wage suffices to buy 530 packs of the cheapest brands of cigarettes; in Czechoslovakia, 880; and in Poland, 1,037. The relative cheapness of cigarettes in Poland promotes the spread of the smoking habit, especially among the youth. It is worth noting that /Poland leads the European socialist countries in per capita cigarette consumption./

The current prices of gasoline, lubricants and motor oils had been fixed at the end of 1981. Since then the level of nominal incomes has changed fundamentally. At the time when the new prices had been fixed the average monthly wage sufficed to buy 233 liters of "yellow" (94-octane) gasoline, whereas in November 1982 it already sufficed to buy 402 liters. There is no justification for maintaining the relatively low price of gasoline, especially in view of the increase in the relatively high fees for the use of means of mass transit (buses, trolleys).

Attention should also be drawn to the growing burden of the imports of crude oil on the balance of payments. The prices paid for imports of crude oil from the USSR continue to be much lower than the prices of Near East crude oil this year. One ton of Soviet crude oil costs us 139 rubles, whereas the price of Near East crude oil exceeds US$200 per ton [as published]. However, in connection with the price system mandatory within CEMA, the prices of Soviet crude oil are incresed each year. Hence, in 1983 we will have to pay about 300 million rubles more for crude oil imports in 1983 than we did in the previous year--this is tantamount to about 20 billion zlotys.

/It is proposed tht the prices of deep-sea fish be raised 20 percent on the average./ These prices, despite their marked increase in February 1982, still have to be considerably subsidized (the subsidy at present amounts to 70 percent of sales value), thus complicating the achievement of a more correct ratio of supply to demand. Fishery costs are rising rapidly owing to the need to expand deep-sea fishing operations in distant areas. Compared with Poland, the prices of deep-sea fish in other countries are higher.

It should be added that some increases in the contract prices of certain goods and services will be inevitable/ insofar as this is linked to the increase in production cost (increases in wages, premiums charged by the Social Security Agency [ZUS] and prices of certain raw materials) and in the turnover tax rates.

One of the related changes has been the increase in the prices of passenger cars introduced on 1 January 1983. As known, this increase was announced along with a guarantee that all persons granted the right to purchase a car last year will be able to purchase it at the price prevailing in 1982.

Another change of this type has been the increase in the prices of confectionery goods (chocolate and its products, candy). In 1982, by way of an exception, the confectionery industry was able to acquire sugar at the old non-raised price of 23/kg. It also was able to acquire cocoa beans at a price below the actual purchase price. Inasmuch as on 1 January 1983 the confectionery industry had to start paying the regular prices for sugar as well as the normal transaction prices for cocoa beans, this has led to an increase in the production cost and prices of the products of the plants of that industry. This increase was also occasioned by the rise in other elements of production cost (wages, insurance premiums) in the confectionery industry.

In some cases the increase in retail prices is simply a logical consequence of revisions of producer prices--this concerns the raw and other materials needed as supplies for industry and construction and, to some extent, also sold on the market. In such cases the retail prices of these raw and other materials are established by raising their producer prices. This exactly is how the increase in

the producer prices of cement and metallurgical products has led to a corresponding increase in their retail prices.

Thorough Costing as the Basis of Price

In view of the inevitable increases of contract prices in certain cases, due to the rise in production cost regardless of the producer, a number of measures has also been taken /with the object curtailing the arbitrariness of producers in determining prices./ These measures consist chiefly in broadening the scope of the application of regulated prices.

The duty of the application of regulated prices to certain market goods had been introduced already in February 1982. But the extent of regulated prices hinges primarily on production cost, and in that respect also on the prices paid by producers of market goods to their suppliers of various raw and semifinished materials and components. For this reason, in order to control the excessive increases in production cost of market goods (as well as of goods destined for export), it became necessary to expand the scope of the application of regulated prices to, precisely, various raw and semifinished materials and components needed for the production of these goods.

This was done in two ways. First, upon a decision of the Council of Ministers, this year a number of raw materials and semifinished products was included in the list of products subject to regulated prices. Secondly, the Price Office and the founding organs (ministries, province governors) of enterprises analyzed the profitability of enterprises and, in cases in which that profitability was particularly high owing to the setting of contract prices at extremely high levels, temporarily (for one year) deprived the concerned enterprises of the right to apply contract prices and introduced the obligation of setting regulated prices.

/In November of last year the obligation of setting regulated prices was applied to 10 enterprises. In January 1983 this obligation was applied to an additional 13 enterprises, with about 15 more under consideration./

In addition, the system of determining regulated prices was streamlined on introducing the principles for determining the so-called justified cost serving as the basis for the setting of these prices. The introduction of the category of justified cost should prompt the enterprises to become more interested in cost accounting, consumption norms for materials, labor norms, and the level of indirect cost.

/A major role in enhancing interest in cost accounting as related to the principles for determining justified cost can and should be played by cost and price analysis teams as well as by the newly formed organs of worker self-government./

To counteract hasty and unjustified price increases, enterprises were obligated to inform district price offices about any increases in their regulated and contract prices. Such information will enable the district price offices and the Price Inspectorate operating within their framework to analyze the causes of eventual price increases and, of a certainty, curtail instances of any unjustified such increases. /All these measures are intended to restrict the upward price movement to the actually indispensable level./ It must be stated, however, that the success of such undertakings is primarily contingent on limiting the increase in consumer incomes to a level justified by the increase in production, as well as on limiting the increase in and, wherever possible, even /reducing the production cost./ For only then can we contribute to halting inflation.

1386
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FINANCE MINISTER DISCUSSES ROLE IN ECONOMIC MECHANISM

Bucharest SCINTEIA in Romanian 6 Mar 83 pp 1, 5

[Interview with Petre Gigea, minister of finance, by Corneliu Carlan, date and place not specified: "Implementing Economic-Financial Leadership and Self-Management--a task of great responsibility for all collectives in the economy"]

[Text] [Question] As was pointed out at the National Party Conference, all units, centrals and ministries must act in a spirit of good management and with a high degree of responsibility to increase the role of finances in all socio-economic activity and to strengthen order and fiscal discipline, the essential demands for carrying out economic financial leadership and self-management, and for properly fulfilling the plan. What measures must be given priority to realize these objectives?

[Answer] All of our activity is dedicated to carrying out, in an exemplary way, the financial, monetary and hard currency policies of the party and the directives and directions given by comrade Nicolae Ceausescu, the secretary general of the party, from which we have benefited and always benefit. Our primary concern is to base socioeconomic activity on the principles of self-leadership and self-management and to continuously improve the new economic-financial mechanism. Specifically, we intend to work resolutely with the ministries, peoples' councils, centrals and enterprises, and financial-banking organizations to achieve high economic efficiency in all domains and sectors of activity, the reduction of production and circulation costs, and the necessary financial resources for the full financing of the objectives called for in the unitary national plan for socio-economic development. Based on the experience gained and on the positive results obtained, we will work more decisively to raise the sense of responsibility in using funds so that maximum efficiency be obtained for each leu spent or invested. The task consistently laid out by the party leadership to avoid non-essential expenditures and any kind of waste, and to defend the public wealth constitutes a permanent guiding principle in our undertakings. We place particular emphasis on strengthening financial supervision and especially preventive controls carried out by the Ministry of Finance, the banks and peoples' councils as regards the financial management of the state so as to establish rigorous financial order and discipline in all units and sectors of activity.

[Question] In the report comrade Nicolae Ceausescu presented to the National Party Conference, he pointed out that the implementation of the new economic mechanism requires that every enterprise operate on the principle of self-management with profitability and economic efficiency. What results have been obtained so far and especially, what must continue along these lines?

[Answer] Strengthening units finances as well as the general finances of the country is effectively achieved only when every activity product or service is obtained with the largest possible gain and profit as a result of continuously reducing production costs. Characteristic of economic enterprises and units is the fact that, by applying the principle of self-direction and self-management and the measures established to increase labor productivity, in 1982 as in previous years--indeed almost since the introduction of the new economic-financial mechanism--the profits necessary for the units to establish their own funds and to meet their state budgetary obligations have been made. Nonetheless, there are still abnormalities where with certain goods, services or even throughout the entire activity of some enterprises, losses have occurred. Obviously this is a situation incompatible with the demands of leadership and self-financing. It is the case with certain agricultural units as well as with certain goods and services, especially in the local economy. We must resolutely mobilize all the ministries, peoples' councils, economic centrals and units, and financial-banking organs to complete the tasks laid out by the party leadership so that beginning with 1983, no product or activity will be unprofitable and all production will be efficient. Hence, there is a rigorous financial audit underway at the units which registered losses of any kind in 1982. Also, in a number of economic units they are analyzing the way in which planned profits were achieved so that this year the provisions stipulated in the income and expenditures budget can be fulfilled in an exemplary fashion. The existence of some losses shows that it is not always understood that profit constitutes the material support of self-management and that increased efficiency constitutes the unique resource for increasing national income and for ensuring the development of each unit as well as of the entire economy. As comrade Ceausescu pointed out, we must never forget that only to the extent that we increase the national income will we have the necessary means to carry out the program of increasing the people's material and spiritual well-being.

[Question] Specifically, what is the financial-banking apparatus doing to help the enterprises implement decisions of the National Party Conference which refer to them?

[Answer] Beginning with this year, more than in past years, the leadership cadre and the other specialists in the Ministry of Finance and the banks are participating directly in the enterprises and centrals to solve economic-financial problems and to establish concrete ways to accelerate the growth of economic efficiency and the judicious use of production funds. Hence in carrying out concrete activity on the spot we have the firm conviction that in this way, too, we are making a contribution to the actualization of the party policy to improve the progress and civilization of our country.

[Question] What do you think must be done, given the criticism made at the National Conference so that in every unit, the income and expenditures budget will represent a basic tool for guiding financial activities, for analyses and control and for ensuring fiscal balance?

[Answer] The introduction of the income and expenditures budget has already proven itself useful in practice. The general assembly of working people and theleadership councils have at their disposal all the elements for analysis and decision to ensure the proper operation of financial activities, thanks to this instrument. Decisions must be made on a day-by-day basis, based on the data furnished by the income and expenditure budget in order to meet its requirements and to prevent any imbalance and financial difficulties. This goal must be kept in mind by all responsible officials, combatting the mistaken notion encountered in some quarters that problems on the income and expenditures budget are solely of concern to the accounting department. On the contrary, staying within planned expenditures which constitute the maximum allowed, and achieving the planned income which is the minimum, implies special responsibilities both for the technicians and the accountants. This is true simply because the majority of an enterprises' expenses occur in the production sector and because the volume and turnover of funds of the enterprise depend to a large degree on the way in which production is carried out. The experience of numerous enterprises proves just how useful it is to lay out the income and expenditures budget's tasks right down at the internal organization structure--the sections, workshops, construction sites and other areas--this method leading to a more precise understanding of the obligations at the work sites and more importantly, strengthening the sense of responsibility both of the leadership at this organizational level--the engineer or the master--as well as of every worker to perform the tasks given them and to use the technical facilities or materials which they have in a highly responsible way. For the budget of income and expenditures to truly constitute a management tool, there must be in every unit a rigorous accounting of all assets which will allow the true situation to be known at any given moment, which will simplify efficient financial control and which will prevent the loss of public property and financial indiscipline.

In this regard I think that something should be made clear: the principles of the new economic-financial mechanism demand that each leu be spent only on the basis of economic motivation and in accordance with the approved norms and standards. In order to achieve complete order in this area, the National Party Conference decided to move toward perfecting planning system documenting and calculating the costs of production and of establishing prices. They started from the need to know the nature of the expenses strictly necessary for producing a product, through a precise recording of material costs, of payroll and other such expenses, thereby abandoning the overall points known as overhead costs which did not give a clear picture about how to reduce costs and, implicitly, to increase efficiency. The objectives pursued by introduction of the income and expenditures budget do not only apply to economic units--as some mistakenly

believe--but also to social-cultural institutions. The application of a strict economic budget, increasing the efficiency of the funds allocated and the achievement to the greatest extent possible of self-financing are basic demands which the leadership of every social-cultural institution must never ignore.

[Question] Financial-banking organizations have a particularly important role in the achievement of efficient economic-financial activity in all economic units. Starting from the improvements which the National Party Conference decided were to be made to the economic-financial mechanism, what are the more significant tasks that these organizations have?

[Answer] As you know, at the National Party Conference, comrade Nicolae Ceausescu pointed out that the financial organizations and banks have a duty, via the leu, to carefully and responsibly supervise activity in all sectors for the maximum use of all means and funds and for the improvement of economic-financial management and control. In this regard, an important category of measures adopted calls for more care in granting credits and better control of their use. Credit is to fill the temporary needs of the economic units' financial resources and, as such, particular attention must be given, above all, to the control of the units' own funds for self-financing so that every time credits are extended, there is sound economic justification. More emphasis should be placed on results as reflected in increase fund turnover, in the maintenance of stocks of material value within the limits called for in the plan, in the income and expenditures budtet and in the guarantee that loans be repaid on time as the result of receiving the countervalue of goods delivered to the domestic or foreign market. Thus, credit is directly involved in the economic processes of enterprises, and serves to contribute to the growth of financial order and discipline and to the completion of productive activity through efficient product delivery. As an illustration, we point out that in 1983, the payroll fund for the entire workforce in state industrial enterprises is paid monthly by the bank, accumulated at the beginning of the year and calculated on the basis of how the physical production plan is met and how the goods are sold and money received in this period so that this indicator reflects the whole economic cycle: funding-production-sales.

In state and cooperative agriculture, more care will be taken in granting credits to set up seed, feed, fertilizer and other stocks in establishing herd size and in covering the production costs and other items called for in the income and expense budget. What is essential is that in this sector, also credits are to be extended on full collateral and with the understanding that income must be generated so that the loan is repaid on time, primarily through the sale of agricultural products. In financing and funding investments, we intend to adhere strictly to the party leadership directives to begin no new objectives other than those given special approval until all those under construction are in operation and to allow no new machinery or tools in enterprises until there is assurance that the existing means and capacities are fully used. We are firmly committed to contribute, through the use of the legal financial controls available to attain the objectives under construction, to shorten the period to completion, to bring productive capacities on line and to

make solid preparations for beginning new objectives. In order to carry out the tasks set by the party secretary general, we have taken firm measures so that the National Bank will better fulfill its role in the banking system, in financial activity and in strengthening the national currency, both domestically and in comparison with other currencies. Essentially, these measures call for a perceptible increase in attention to all detail, for increased responsibility of the banking apparatus, both central and territorial, and for the rigorous application of the laws in the financial-banking domain.

[Question] Increasing the efficiency of foreign trade is an essential factor in strengthening the national currency. In your opinion, what are the priorities in this area?

[Answer] As you know, our country is working constantly to develop wide-scale economic cooperation and economic exchanges with all countries of the world regardless of their social system. For example, the 1983 plan calls for foreign trade to grow by 13.5 percent compared with last year through more accelerated growth in exports and reduction of imports to items strictly necessary. The intensification, this year and the future, of foreign trade, the increase of exports and the continued confinement of imports to those strictly required is of a nature to create the condition necessary for systematically retiring our foreign debt. It goes without saying that this utterly fundamental economic objective can be realized only through an exemplary completion of the tasks established in foreign trade and international economic cooperation. At the same time, the growth in efficiency in foreign trade depends upon achieving a superior return for exports by increasing their quality and competitiveness in foreign markets. Reducing domestic production costs, especially by lowering material expenses and increasing labor productivity, along with superior returns for exports decisively contribute to strengthening the national currency vis a vis the foreign and domestic markets. Thus the entire financial-banking apparatus will spare no effort so that together with all working people, it makes its contribution to meet current needs and to carry out, in a model fashion, the great responsibility with which it has been endowed.

12280
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MEASURES SUGGESTED FOR IMPROVING IRRIGATION PROCEDURES

Bucharest REVISTA ECONOMICA in Romanian No 10, 11 Mar 83 pp 6-7

[Article by Nicolae Giurgea, chief accountant at the Focsani Enterprise for the Use of Land Improvement Projects: "Concerted Efforts for Increasing Production on Irrigated Lands"]

[Text] For the purpose of the timely carrying out of projects to prepare the fields and seed for the spring crops, it is necessary to take measures to remove excess amounts of water from those land areas with too much humidity. At the same time, where there are drainage networks all pumping equipment must be put into operation and on non-managed lands there is need to manually make drains, ditches and canals to remove the water.

There is a special role for the enterprises for the use of land improvement projects. Their subunits must go ahead with all their efforts during this period prior to the opening of the spring agricultural campaign to unclog drainage canals, to clean them of vegetation and to carry out repair projects in the pumping stations and drainage networks. Measures are necessary to prepare the irrigation systems by eliminating existing operating defects, by unclogging the open canals, by repairing and overhauling buried pipes and by repairing and overhauling pumping stations, thermal power equipment, valves, sprinklers and irrigation equipment. It is necessary to give special attention to extending the mechanized movement of sprinkler systems, to having the appropriate operation of existing installations and, to the same degree, to providing the necessary workers for carrying out irrigation projects.

Requirements of An Efficient Agriculture

Irrigated agriculture has certain essential characteristics which give it a superiority over non-irrigated agriculture. It is known that irrigated agriculture, however, cannot ensure a higher and constant production if at the same time there is no: use of types of plants that can use large amounts of water and fertilizers and that are resistant to failure, diseases and pests; establishment of a system of rotation of crops which, under given conditions, will ensure the maximum harvest and the best crop quality; provision of an optimum crop density and establishment of an appropriate arrangement and growing space; application of the most adequate systems for working the soil, applying fertilizers and caring for the crops; application of an optimum system for irrigation and use

of adequate techniques for watering crops and natural existing conditions, and prevention of negative phenomena that degrade the soil; and organization of the land.

A basic element that contributes to increasing the economic efficiency of irrigation is reducing the cost of the water given to the crops by decreasing specific investment per hectare, reducing water loss in canals because of absorption or evaporation and decreasing costs for distributing water to the crops and for maintaining the irrigation systems. Additionally, economic efficiency reaches higher parameters if the most economical solutions are formulated regarding the management of lands to be irrigated and the maintenance of these lands, the provision of an appropriate number of equipment, their economical use at full capacity, the combating of the tendency to waste water and the improvement of the organization of labor.

The practice of many of the socialist agricultural units has fully confirmed the need to apply irrigation as a means of combating drought and increasing agricultural production per hectare and as a means of permanently having a rich harvest and making production profitable.

Now, when water represents such a precious resource, there is special stress on conservation and its efficient use. It is a characteristic fact that water transforms lands in regions otherwise considered inappropriate to agricultural production, or where the results were very poor, into broad fertile lands. Under conditions of irrigation, the level of agricultural production is influenced by a multitude of factors, with a special place for biological, agrotechnical, technical, technological and natural factors. It would be totally incorrect to feel that the increase in production for a crop is the effect of a dose of fertilizer or an additional amount of water or extra work, without outlining the influence exercised by the use of other factors upon production and the level of expenditures.

The potential fertility of the soil is better put to use through a rational rotation of crops on irrgated lands. Between the different relationships of crops there are reciprocal influences in cases where one crop follows another on the same land. Crop rotational under irrigation has positive effects if it is adapted as well as possible to the specific economic conditions in each production unit. Special stress must be placed on the structure of the crops that are to be grown under irrigation, a structure much different from that of non-irrigated lands.

According to the conclusions of certain specialized studies, under irrigation crops consume much greater amounts of water and nutritional elements. Because there will be a greater amount of water and nutritional elements stored in the soil, under irrigation it is necessary to have a more profound breaking down of these elements. Similarly, the selection of the most appropriate types of crops for irrigated fields represents an important factor.Recently, types have been created with a great productive capacity on irrigated fields. Thus, for example, varieties of wheat grown under irrigation must meet certain requirements,

without which large production amounts cannot be obtained. One of these abilities is the great capacity to use water and fertilizers, which crops grown on this type of land should have.

The density of crops per unit of land area influences to a great degree the production from agricultural crops. For the corn crop, for example, some hybrids need large distances between crop rows. Decreasing or increasing the distance (between rows and plants) beyond a certain limit has negative economic effects. With regards to these considerations, greater attention should be given to establishing the optimum density for crops in accordance with the pedoclimatic conditions of each agricultural region, with the opportunities for irrigated the cultivated fields and with the technical equipment that the agricultural units have.

Per-hectare efficiency is influenced to a great degree by the timely and quality carrying out of maintenance projects. For the sugar beet crop, for example, they represent an especially important economic fact with regards to both obtaining certain large per-hectare production and production costs.

Separate importance goes to the influence of the harvest time upon the economic efficiency of irrigated crops. Timely harvesting, without losses, is a decisive factor of efficient production results. This problem is not completely resolved in our country's agriculture. If in countries with an advanced agriculture, the technology of harvesting is well-defined (harvesting losses represent one to two percent of the potential production), in Romania we are still behind from this point of view.

Some experiences learned in our country regarding the silo corn crop have pointed out the special importance of the status of the vegetation at the time of harvesting. Thus, the phased harvesting of crops at maturity increases the efficiency of irrigation and fertilizers and the per-unit cost of the product decreases significantly. According to some authors, silo corn that is grown under irrigation can result in a production of approximately 22,000 U.N.'s [expansion unknown] per hectare. The relationship in the weight between the different parts of the plant is different. Corn that is harvested at the early stage contains approximately 51 percent corn cob while those harvested at the mature stage contain only 27.2 percent corn cob.

The Consequences of the Failure to Adhere to Technologies

The extension of the irrigation system in our country's agriculture is permanently in the attention of the party and state leadership. The irrigation program for the current five year plan will increase the managed land area to over three million hectares. Concomitantly with this quantitative measure, there will also be sharp stress placed on the problem of increasing the economic efficiency of irrigation. First of all, the considerable extension of irrigated land areas requires a large volume of investments and production costs. Second, irrigated crops have not in all cases proven to be more efficienct, especially with regards to costs. At the same time, experience has shown that not all irrigated fields yield production at the planned levels and, therefore, the

recovery of the expenditures made for the management of the irrigation systems is accomplished more slowly than what was forecast in the justification for the investments.

The analysis of the causes that brought about the failure to achieve the planned production on irrigated lands in the Bilesti-Slobozia Ciorasti System (Vrancea County) has produced the conclusion that the agricultural units in the region did not adhere to the technologies required for irrigated agricultural fields. In all the irrigation systems, activities are divided between the enterprise for the use of land improvement projects (a specialized unit which provides water to the sprinklers) and the user agricultural unit (which provides the water from the sprinklers to the crops). In order to increase the efficiency of the crops that are irrigated in the above-mentioned system, special tasks are necessary both for the user units and for the specialized units. The specialized units must know in detail the managed irrigation systems in the area in order to carry out agricultural work without affecting the components of the system and slowing the use of mechanized equipment in moving the sprinklers. We stress this since there are frequent cases of breaks in hydrants and seeding in wrong areas, making the movement of equipment difficult and non-economical. The experiences of units have demonstrated that for tall-standing crops it is recommended that seeding be done parallel to the sprinklers, with the condition of establishing colors by eliminating two rows right from the very beginning.

Equally important are the stabilization and training of the personnel used in operating the irrigation systems - something to which the quality of the work is actually tied (the movement and supervision of the sprinklers, the carrying out of small adjustments and so forth). From this point of view, the user units are in a weak position since, with the exception of two to three permanent workers, the majority of the workers are seasonal workers who do not have the minimum amount of necessary knowledge.

Material incentives also play an important role. In this regard, it is necessary to mention the fact that there still are shortcomings between the salaries for personnel working on the irrigation systems in the state agricultural units and those in the cooperatist agricultural units. These differences actually contribute to the differences in regards to the quality of the work that is done.

There is no doubt about the negative aspects also in the failure to adhere to the crop plans. These plans must take into consideration all the land areas, with these to be planted with the most profitable crops for irrigation. Thus, making a comparison between the crop plan proposed in the S.T.E. [expansion unknown] (within the framework of the Bilcesti-Slobozia Ciorasti System) and the one in effect for 1982, the differences are very great. If for wheat, for example, the land area described in the technical-economic study was 14 percent, in actuality they achieved 28 percent. We also find this situation for the corn crop, where they achieved a surface area of approximately 18 percent compared to the 33.5 percent that was outlined in the S.T.E.. Significant differences were also found in the soy bean crop (2.1 percent instead of 11 percent) and so forth.

Selecting the scheme for placing mobile installations is very important since the failure to adhere to the optimum number of sprinklers that are in operation on each part of the system leads to great variations in pressure, with this fact many time deteriorating the effectiveness of the installation. Similarly, in selecting the watering scheme we must also take into consideration the atmospheric conditions so as to avoid an irregular irrigation (unwatered areas or areas with ponds of water).

With regards to the specialized irrigation units, these units must ensure: the maintenance of the irrigation systems at the listed operational parameters; the training of their own personnel and the specialized personnel in the user units; the planned use of water in the network so as to optimally satisfy the watering requirements of the crop; and the carrying out of certain periodic agro-chemical classifying of the crops so as to be able to appropriately establish the necessary doses of fertilizers.

Another aspect also needs to be mentioned: the deterioration of the land. A specialized study carried out in the above-mentioned irrigation system demonstrated that for 12 percent of the land the watering of the land must be stopped (with the exception of the lands where sprouting is taking place). For another 5.8 percent it should be reduced by 40 percent since there is an excess of humidity and there has been a noticeable increase in the water table and over broad areas the land has settled as a result of the crossing of machinery over the land where there is too much humidity in the soil. Another consequence of the practice of irrational irrigation is the increase in the degree of saturation. Over three percent of the total area the application of water involves the use of measures to combat salinization, and for one percent irrigation is no longer required.

The elimination of the negative aspects that have been identified will contribute to improving the irrigation system and to ensuring an efficient use of this system. This will permit a higher use of agricultural lands, with direct implications upon production and upon the technical-economic results of the user units.

8724
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SELF-MANAGEMENT, REGIONAL SELF-SUPPLY IN AGRICULTURE

Bucharest REVISTA ECONOMICA in Romanian No 10, 11 Mar 83 p 8

[Article by lecturer Dr Letitia Zahiu of the Bucharest Academy of Economic Studies: "The Relationship Between the Consolidation of Socialist Ownership in Agriculture and the Carrying Out of the Program of Territorial Self-Supply"]

[Text] Within the framework of the broad and complex process of the new agricultural revolution, the improvement of the leadership and organization of agriculture must respond to the requirements and restrictions of the current stage of our country's social-economic development and lead to the more efficient use of the technical-material base, to a better organization and administration of production, to a more judicious distribution of products and a better structure of consumption, and to the development of social and personal ownership on the basis of increasing collective and individual responsibilities.

Strengthening the quality of collective ownership becomes a dynamic factor in economic activities in agriculture. This is so since there is an increase in the owners' care for the quality of production, the reduction and elimination of losses, the prevention and reduction of the possible effects of risks and uncertainties, and the protection and development of public property. At the same time, it is designed to eliminate the negative effects that are expressed as a result of a certain separation between the functions of being a consumer and that of being the producer for the residents of the villages.

The system of measures designed to develop the functions of being owner and producer for the workers have as an essential component the increase of material incentives. Through the application and general use of the overall work agreement in the agricultural enterprises there is an influence upon the level of the salary depending upon the level of production that is achieved, and through the workers' participation in sharing profits there is a strengthening of responsibility for fulfilling the production plan and the plan of incomes and expenditures.

Increasing the responsibility of each workers collective in the administration and development of socialist property creates the premises for the profitability of all activities. According to the princples of the new economic-financial mechanism, improvements were made in the system of material incentives in agriculture by way of rebasing and better correlating production prices, contracting prices and acquisition prices for vegetal and animal products. Stimulating the development

of certain scarce products (animal products), as well as certain products that require a large amount of manual labor or that are perishable (certain types of vegetables and fruits), will continue to require new correlations with the prices of resources that stem from industry and with the prices of industrial products. Along these lines and on the basis of a rigorous system to reduce specific consumption rates, all agricultural units can base their economic activities on the principles of self-management and self-administration.

Self-management requires new responsibilities with regards to self-supply in a regional sense. The program of self-management and territorial self-supply is designed to ensure the operation of the national economic mechanism on new bases and to increase the contribution of agriculture to the country's economic and social development. At the basis of this objective is the achievement of the special development programs of the different branches and activities in agriculture.

Self-management and self-supply with vegetable and animal products will open broad fields for the using the opportunities to more fully satisfy the group of needs related to raising the standard of living and to the quality of the life of modern man. On this basis, we have the substantiation for the "Program of the Scientific Feeding of the Population." There is an optimization of the relationship between the state fund for agro-food products, the county consumption fund and the self-feeding fund in the socialist agricultural units and the people's farms. The center of gravity in supplying vegetal and animal products is moved to the town and to the county.

Under the conditions of the need to achieve energy independence for the country, an avoidable source of energy waste and of better using all local energy resources is the reduction of the transportation distances for agricultural products, especially those that have a very high water content or are perishable and those products of large volume and small value.

A decisive factor in achieving the program of self-supply and self-management is the priority consideration of the general interests of the state, which is reflected in the creation of the state fund of agro-food products. One of the important functions of the state agricultural products fund is providing for the general needs of the people, including the provision of agricultural products processed by the food industry. This fund has an important role in achieving the trade of products between the different regions and counties and providing the large zootechnical complexes with fodder, in supplying the cities and industrial centers with agro-food products, as well as the tourist areas, and in developing our country's foreign trade relations.

The creation and development of the local county vegetal and animal product fund ensure the organized supply of the urban areas, as well as the towns that do not produce grains. The amounts of grain necessary for the regions that do not produce grains or that produce insufficient amounts are provided by way of an exchange for other agricultural products that are produced in these regions (potatoes, milk, meat and so forth).

The condition that all landholders will produce agricultural products is at the basis of ensuring self-feeding, as well as at the basis of certain increased amounts of products for the state fund. Ensuring a wealth of agricultural products, along with an intense program of food education for the people and measures to eliminate the waste of fodder in socialist agricultural units, will set the limits of the tendency to have an exaggerated increase in self-feeding efforts.

Self-supply with vegetal and animal products does not exclude the trade of products. It is important that these changes are based on economic criteria and the rational distribution of agricultural products in the different regions of the country. At the basis of territorial distribution for these agricultural products is zoning, a facet of the social division of labor.

The adaptation of consumption models to the requirements of modern life is tied to the local possibilities for producing certain varieties of agricultural products, which are varied from region to region. To this end, local leaders must have more freedom in the establishment of the production of certain varieties of traditional vegetables or fodder specific to a region within the crop plan.

These products must provide the necessary amounts for local consumption and a surplus amount for the state fund.

Self-management and territorial self-supply can prove their efficiency only is the planned production is achieved in each county. The increase of agricultural production is absolutely a condition for the achievement of the program of self-supply and for the avoidance of certain perturbations in supplying the populace with the necessary foodstuffs.

The intensification of efforts to develop zootechny in all the socialist agricultural enterprises, in the private farms in the hills and mountains regions and in the private farms, plus the help given by the state via the incentives for the agricultural producers can ensure an increase in the number of animals and average efficiency in all the country's counties. The solution of these problems in a great variety of forms, in accordance with local conditions and through ways that can stimulate the interest of agricultural producers in increasing the number of animals, becomes a key factor in the future carrying out of the program for the scientific feeding of the populace.

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PERISIN COMMENTS ON WORLD RECESSION, INDEBTEDNESS

Zagreb DANAS in Serbo-Croatian 22 Mar 83 pp 36-39

[Article by Dr Ivo Perisin: "The Monster of Credit Technology; the Sale Of Promises and Deceit Proceeds Apace"]

[Text] Huxley's horrific vision of "a brave new world," and the "world community, sameness, a stability," is very strange and quite unacceptable to me, as is the terrible fearfulness of Orwell's 1984. Nevertheless, although I don't believe in the end of the world or in this Stalinistic picture of world crisis and the disintegration of capitalism but in a totally different scenario and point of view, it is beyond doubt that mankind is confronted with a multitude of disturbing, and potentially threatening concerns. And paradoxically, all of this is taking place at a time when human capability has reached the point of being able to solve the unsolvable.

We live in a world of heightened contradictions. Therefore, here is to be found the principle theme of the day and the basic preoccupation. It is no wonder that, in spite of its complexity, many accept it; one monetarist is even deeply convinced that finance capital has contributed to the culmination of crisis and has made it accelerate and flare up violently; that capital which has not been created by the laudable and diligent labor of the Japanese, the Americans, or the Western Europeans, is the object of continual, cynical, and shameless caution. This capital, however, was created by a consummate, albeit monstrous, credit technology. It has made it possible for capital to create a proliferation of debts, and here is to be found a method for perpetually reproducing them and for creating a powerful chain of modern slavery. It is precisely for this reason that all the conditions for world crisis have come about, and that everything is growing dark.

The Scene

Indeed, the picture of the reality of this world is gloomy. It is gloomy when examined from a distance, from the air, just as it is when it is observed more carefully and in greater detail by the learned analyst. The light grows dimmer the more we seek it. Only a faint gleam can be seen. Where is all this going? If somebody knows he is keeping quiet about it. I do not know. I am not omniscient. Therefore, this article does not pre-

tend to be an all-knowing commentary but attempts to point out some of the highest peaks and the deepest valleys. After all, one cannot catch sight of everything from the air, but then the trees cannot hide the forest. That which sticks out the most is the most noticeable, and this is the crisis of relations which is at the point of bursting-hunger, unemployment, the ocean of debt, and the golden hill of riches. Add to these problems tensions, antagonisms, and the disturbing dearth of ideas. A dead-end street and an abyss. Unfortunately, there is a fatalistic mistrust of the opportunity of the new, and al almost fateful mocking of bold ideas and imagination. At the same time the sale of promises and deceit proceeds apace with the attempt to camouflage the nature of the huge cesspool of finance capital along with the enormous debt in which, as in quicksand, the majority of humanity is sinking. And it is not possible to extricate oneself from this quicksand. Therefore, one is justified in speaking of a collapse. The chain reaction which would follow from this would be complex and all-encompassing.

In reality, the end of the world is not a matter for conjecture. Man can endure what no animal can. But might not all of this be a prelude to a shocking change in ways of thinking, a special sort of retort from which some sort of reaction will be distilled?

What, then, is real, and what is illusion? Is this a time for weeping or a time for the merciless waging of war? The problem lies not only in the aging of intellect!

This is the view from the air. Moreover, to be frank, the conspirators' deceits which encompass the world, even our latitudes, were the motivating force behind this article, and it is connected to them first of all:

In the consideration of prognoses, prognosticators, recession, and crisis, mention must be made that I do not intend to write about how either prognosticators or prognoses are going to get us out of this worrisome recession. My intention is to unravel the web of deceptions and the deep and now persistent cris, the crisis whose depth we are just beginning to feel here on Yugoslav soil, although it is knocking loudly on the door of our little oasis which would like to think that it exists far from this wordly inferno. (Earthquake fissures have been "successfully" plastered over.) Prognoses and prognosticators must only serve as an introduction because in reality whether they are spreading optimistic illusions or doubt in a rapid recovery, they direct attention to an idyllic fairytale about a better tomorrow as soon as the wheels start turning. (God willing, my deceased grandmother would say.) And, they reckon, the wheels have just about started to move. The great colossus which dominates world economy and finances is beginning to turn. And when it moves, its force will move everything else; the frozen shackles which have bound the West, the East, and the South will literally break off. We will again sail off on the saves of prosperity. One should wait a little longer, they say, until this colossus has dealt with the inflationary poison and has disciplined the unrestrained consumption of the masses which has threatened profitability and de-stimulated enterprise.

The Pendulum

The role of the United States in the economic life of the world is indeed enormous. A decline in economic activity in a country which makes up 25 percent of the gross product of the world is reflected to a great extent in the world market, and indirectly in the economic activity of developed and underdeveloped countries. Similarly, the fluctuation of interest rates influences interest rates in other countries, the movement of capital, investment, and again the economic activity of all countries. And this fact cannot be doubted. The economic pendulum of the United States is an enormous weight. It has a powerful effect on the rhythm of the entire world economy and world trade. But in this truth there is actually concealed a great false hope and a deceit. This expectation of a change toward more favorable market conditions diverts attention from the primary to the secondary, from the enduring to the instantaneous; it essentially draws attention from conditions of exchange, not only in the sense "terms of trade" but in a much broader meaning, in the sense of world economic relations which, besides "terms of trade," encompass the entire complex of equality of international exchange, development, and the gap of unseen dimensions in economic development, the technological and financial dependence and the deficits of countries of the developing half of the world, the enormous needs they are burdened with, and everything else which is a consequence of the previous methods of exploitation, as well as the loss of tempo and strength.

These countries remain firmly bound in the chain of slavery mentioned above in this article. Billions of drops of sap—interest rate payments--must be squeezed from an almost dry branch "to pay for well-intentioned loans."

The major problem of prognoses is to be found in the conservation of this relationship of inequality and exploitation. From these essential relationships which determine the future they call attention to the pendulum of world market conditions which throw an ever smaller beam of light into the thick atmosphere of the world economic environment. In this way, they thrust that which is of interest o the United States upon us as being essential, even those of us from whom this ultima linea means practically nothing. And perhaps this is only a drug which momentarily intoxicates but wich solves nothing, with the end result being that the more one takes, the faster one dies. And this form of therapy is directed at the miserable existence of all those for whom--by means of worldwide relationships in the formation of income and capital that exist today--the blood and strength are sucked by the modern methods of technological and financial supremacy--and the noose tightens around the neck. What is worse is the conviction these exploited countries have that they themselves should tighten the noose. The emphatic and prolonged pleading for this tightening has become the thing to do. This tightening, the act of making the noose tighter, is a fad which in our country we have named "restrictions." The perception of our own guilt has been made a matter of pride. The enormously diversified, inconsiderate exploitation laid upon us which has made breathing impossible, founders in the mist. (The problem is more than a simple childhood illness of leftism.)

This is why it is quite unimportant for us that the most renowned prognosticators have again been wrong in predicting when, and with how much force, the aforementioned powerful economic pendulum of the United States will begin to move. Spreading deceit and illusions is important, especially at a time when all relationships have been driven to the point of collapse and radical world actions are altering world economic relationships; this does not preclude the need for everyone to sweep and air out their own house. Therefore, it interests us little whether the prognoses of these renowned prognosticators have been right or wrong.

The Inheritance

After all, even they have the right to make a few mistakes. One can always excuse them because they have to deal with so many uncertainties. Partly because of this, they failed in announcing that the economic recovery would begin in the second half of 1982. It is not so obvious, however, why the conditions in other countries were neglected or underestimated in the forecasts, as well as the chain reaction and the transmitted effects which were influential both in the ascending phase and in the phase of economic slowdown and descent.

This time their excuse was the case of Mexico. But are there not other countries which have sunk into poverty? Is there not a multitude of unemployed persons, although even the unemployed have some means of income? Is it not true that their expenditures have an influence on the possibilities of investments, and even on production? And what is most important is the question of, what are the essential changes which take place when these wheels move again for the time being? Will they not again soon stand still, but not because of the obsessive anti-inflationary policies of the developed countries but because of the deepening distortion in the equality of world relationships between the developed and the underdeveloped countries; because of this, the world economic motor will occasionally sputter and stop running, just as an internal combustion engine does when the mixture of air and gas is too weak. Herein lies the question of world economic relationships and chaos which has been bequeathed to us up to now. And especially today, as never before, the problem cannot be reduced to one of liquidity and the covering of defecits in the current balance of payments because the problem is not an occasional one, but a chronic one, and it is growing deeper and deeper. It will not be solved by the GAB, that famous lending institution which has developed and conceived for its own needs and which is now somewhat larger, perhaps to quiet to some extent the fire whose firebox is stuffed with debts which, as a fuel, have an unseen power of re-igniting the flame. And instead of perceiving and defusing the explosive power of debts, instead of understanding their nature and causes--and their relationships--attention is directed at the expectation of more favorable market conditions and at the use of the therapy of restrictions, which properly speaking are nothing but an ironic expression of maniacal sadism.

This article is not intended to be the reading of a lesson to those whose occupation is professional forecasting. It is intended simply to direct

attention to the fact that, in anticipating a recovery in the world markets and those little injections of financial drugs, we are forgetting the main, fundamental problem--the catastrophic inequality in world economic relationships. And the fact that this third consecutive world economic recession has still not moved closer to an end is almost beside the point, except in the negative sense that it proves in an ironic, obstinate, and very specific manner the absurdity in the relationships, the opinions, and the policies of the wealthy countries, which, with the help of a few international financial organizations, give the advice, "there is nothing to do but wait." However, even an uneducated man knows that the unpalatable state in which the majority of the world's inhabitants are living today, and barely surviving, is not the result only of disorder, idleness, and poor government, or even the filth of the parasitic strata which have been deposited there, primarily because of the centuries-old, infuriating relationships of domination and subjugation which have made the polarization of power possible as well as the modernization of the methods of exploitation.

The Discovery

Ultimately, this is the only way to explain how capital is created on one side, as well as the inconceivable possibility of continually recreating and multiplying it out of nothing, in a new form. This is the only way to explain why on the other side, there is poverty, deficits, and the continual need to seek something from the first side, which is primarily loans.

And it is precisely these loans which have come to be the epochal discovery in the modern era, the one which has made it possible to replace the classic forms of exploitation with ones which are more modern, and incomparably more refined and efficient.

Who is the one who devised this marvelous and enthralling discovery? Some say it was the Moscow National Bank in London, when it began to use simple American promissory notes which the United States had showered on post-war Europe; and Europe, not knowing what to do with them, began to give them out as cheap credit to anyone who was in need. This supported debt and credit began to spread quite rapidly. In reality, this was not someone's ingenious discovery, but the product of capital which, on the basis of the world balance of power, spontaneously found a new method of reproducing financial transactions, and in so doing made the former colonialistic methods obsolete. As poverty existed along with this financial power, power which was in the form of the written obligation, this "ingenious discovery" was able to pick up steam and build up an enormous level of debt and credit. Credit created debts and debts created new capital. (It is only a simple illusion that the enormous increase in this capital is based on petrodollars. The petrodollar surplus is nothing but an expression of redistribution of capital, or, the reduction of somebody else's capital. Petrodollars have provoked only a rapid increase in the growth rate of the debt pyramid, and this has increased the pyramid of borrowed capital.)

The process of voluntarily placing the noose around one's own neck by this finance credit conception has been legalized and made international as "economic relationships based on equal rights." The reins of power have been in the hands of big finance capital for so long that they are hardly noticed. The eurodollar has been praised although it is simply a contrived method of exploitation. And the grist mill has begun to turn faster and faster for the benefit of the powerful. It is not the wind which has moved it. Nevertheless, even this modernized method of exploitation must ultimately show its monstrous face and character.

And when someone says that, based on this, humanity has now sunk deep in the mire and that this presupposes the existence of great ruptures in the system, as well as the unambiguous cohesion of the axes of the underdeveloped countries wich no examples of "prosperity" (forgive me Lord)--Singapore, the Philippines, South Korea, and Thailand--ought to shake loose, this is not some fanatic assault on the high and mighty but a real claim of the day, one imbued with reality and perspective, however long and strenuous the path to fulfillment. It is confirmed by looking at a contemporary world filled with compulsive tendencies. It is confirmed by more and more provocative forms of economic warfare. Similarly, economic, political, and ideological differences and contradictions are becoming more and more acute and display intolerance and exclusivity. And what is the most striking and most important characteristic of this situation is the confirmation of the torment of the underdeveloped countries which have reached the point where their existence is in danger, a situation with unforeseen consequences for the world as a whole.

Judging by what I have seen, theoreticians and prognoses have failed the most in evaluating the significance of precisely these types of difficulties, and this means in evaluating their role in world economic trends. It is precisely for this reason that the loop has been so fatalistically tightened that it will no longer be easy to loosen, not by policies of disinflation nor by political help, and not by the conditional refinancing of the vast quantity of annuities necessary for the servicing of the debt. This final solution was the one finally arrived at by the most obsessed American politicians and the financiers, in an attempt to prevent the other side from actually standing on their own two feet, in the proper sense of the words, or, as they say today, "relying on their own power." And ultimately, these worldly gods will be on uncertain ground for once the other side will issue an invoice for everything which has happened up to the moment of reckoning. Without humiliation, in a gentlemen-like manner, as gentlemen teach us.

The Achilles Heel

This, and only this, is their Achilles heel, and they, themselves, are aware of it. This is where their hidden unrest comes from, and their inclination towards small financial indulgences and even promises about favorable market conditions and prosperity when the economy starts moving. They themselves do not belive that this prosperity will be at all enduring, especially since the underdeveloped countries are relying on themselves, however difficult this may be for them.

This all is confirmed by the four or five deep recessions which have come one after the other in the last 10 years or so. And it confirms as never before in the 100 years since Marx has been dead what he long ago said about market forces, explaining the proper meaning of insufficient consumption and super-capitalization, words over which much fuss has been made. He explained this in terms of capital formation relationships. Today, this is a world-wide process of vigorous capital formation at the expense of the assets of the masses.

Theories of insufficient consumption and excessive consumption have been, and still are, part of a theoretical wasteland from which only a spiritless, economistic monster could have emerged, one capable only of annihilation. Unfortunately, we, the preachers of new capital formation relationships, have also given in to these theories. And in this way we have exposed the great risk of paralyzing, in the process of "building a better future," the proper forces which must be used to build this future right now, because what happens tomorrow depends on what we do today, and how we do it.

The confusion of inflation and of anti-inflation therapy and the theories which deal with it, as well as the phenomenon of stagflation and even of these consecutive recessions, cannot be reduced to the simple problem of more or less consumption, i.e., restrictive or expansive policy. In the heart of the matter of economic input are always relationships in the formation--and this means in distribution and in utilization--of revenue, and accordingly in the formation of accumulation.

(The same fundamental relationship also permeates our system. But because of a lack of understanding of this concept we have all this polemic confusion concerning the principle of revenue in our system.)

But what purpose is served by interpreting even the esteemed Marx? It is better to attempt to explain the progression of recessions. These frequent spurts of favorable world market conditions are not the result of chance. The fervor of prosperous growth has remained behind us. During the years 1969-1970 we had two breaks, between 1973 and 1975 we also had two, with the one in 1974 very deep; the fifth one which came in 1980 was also very deep. The one now in process, which has extended through all of 1981 and 1982, is still not close to an end.

The Indulgence

These recessionary blows have been severe. For example, in 1975 world production fell by 1 percent compared to 1974, and the volume of world export trade fell by 3 percent. These declines are reflected in everything. But the problem consists in the fact that even with a growth rate of a couple of percentage points, there is not enough capacity for all the many underdeveloped countries, as well as the others, to develop. Therefore, there is no room for the prosperous development of the most developed countries.

There are no longer any possibilities for a more lasting way out of this problem without incorporating in the therapeutic program a way of transform-

ing world economic relationships so that these crises cannot occur, without reversals in methods of access of those which have a great deal of room for indulgence.

This time there is no more "noblesse qui oblige." This time it will be "crise oblige." And the era, even the moment, of profound transformations will be upon us in full force. The acute convulsion strongly warns of the danger of the uncharted region we have penetrated. In this way it confirms that all the essential facts for a deep and profound change in world economic relationships have been acquired, and it is not a matter of much empty talking.

And again, there will be those who will say that this is a fanciful dream, a utopia. Yes, there are fantasies and dreams here. But this is not a shortcoming. Without this there would be no beauty, no life. Nor would there be action. After all, without a utopia there would not be scientific socialism, nor the unquenchable belief that socialism is not historical degradation and deformation, but something which is destined to come forth. After all, without this fantasy there would be no self-management. That which would remain would be the cynical reality of dazzling riches built on top of endless poverty and suffering. (Melodramatic? But the problem is not one of words or a sound, theproblem is reality! This reality must be changed! Experiences indicate that we must not, and dare not, go half-way (pol-Potovski).)

All the suppositions for an "assault on the high and mighty," and de facto on the relationships extant in this worldly hell and the complete control of the powerful few, have been acquired. In process is the amalgamation of these forces around one very strong axis, and this axis is a stout stake of credit and debt which has been driven into the heart of the underdeveloped countries. Until this process of amalgamation comes to an end, the world will be devastated by stresses, misfortune, antagonisms, and warfare of all kinds.

And here is the difficulty. To explain this difficulty, one would do well to remember Marx, but today, this is not a modern approach. Reservations about some dogmatic indoctrination appear. Therefore, we will leave his 100-year-old grave in peace, although we are enriched by his inspired ideas. We will endure this chaotic reality and try to extract at least some lessons from it which impose themselves upon us.

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